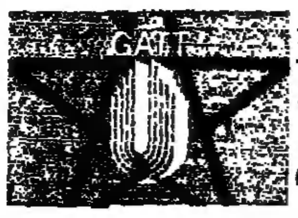
Fortress Europe
Why its appeal must be resisted
Martin Wolf, Page 17



Uruguay Round
Slow train to Marrakesh
Page 8

Today's surveys
Austria and Turkey: challenges in Europe
Separate sections

IN TOMORROW'S **Weekend FT**
The rough etiquette of Russian deal-making

FINANCIAL TIMES

Europe's Business Newspaper FRIDAY APRIL 15 1994 D8523A

Minister admits Air France losses may reach FFr9bn

Air France, the French state-owned airline, is expected to announce a loss of between FFr8bn ($1.37bn) and FFr9bn for 1993, substantially higher than previous estimates of a FFr7.5bn deficit, French transport minister Bernard Bosson said. Last September, Mr Bosson said the loss for 1993 would probably be about FFr5.5bn. In 1992, Air France reported losses of FFr3.2bn. Page 19

Serbs shell safe haven: The Bosnian Serbs received stern warnings from the White House and Nato after troops threatened a UN compound near Sarajevo with a tank, and shelled the safe haven of Tuzla. Page 18

New world trade body considers agenda: The 120-plus nations at the ministerial meeting of the General Agreement on Tariffs and Trade in Marrakesh have begun to set the agenda for future trade negotiations even before the formal signing today of the Uruguay Round world trade accords. Page 18; Agenda takes shape, Page 8

Losses deepen at Cockerill Sambre: The crisis in the European steel industry was highlighted when Cockerill Sambre, Belgium's largest steel maker, announced a loss of BFr6.5bn ($184m) for 1993, compared with a loss of BFr1.4bn the previous year. Page 20

Mediators pull out of South Africa: An attempt to resolve South Africa's political crisis through foreign mediation collapsed as mediators left the country's political parties to their disputes. Page 6

Lebanese detain Iraqis over killing: Two Iraqi diplomats were held by the Lebanese authorities on suspicion of assassinating a prominent opponent of President Saddam Hussein in Beirut. Page 7

Belgian UN troops to quit Rwanda: Belgium is to pull its 420-man United Nations contingent out of civil war-torn Rwanda, placing the UN's role in the country in doubt. Page 6

US and Seoul in nuclear talks: The US and South Korea will begin talks tomorrow in Seoul on efforts to renew negotiations with North Korea over inspections of its nuclear facilities. Page 7

Russia seeks to bind CIS economies: Russia, which today hosts the Commonwealth of Independent States summit, will propose the creation of an inter-state economic committee to be based in Minsk, the capital both of Belarus and the CIS. Page 2

Axa, second largest French insurer, announced a 31.8 per cent increase in net profits to FFr2.04bn ($340m). Page 19; Lex, Page 18

Scudder in £50m trust launch: US fund management group Scudder Stevens Clark is entering the UK by aiming to raise about £50m ($73m) by the end of the month through a new Latin American investment trust. Page 24

Soldiers mutiny in Lesotho: Dissident soldiers shot dead Lesotho's deputy prime minister and seized four cabinet ministers in a mutiny apparently over a planned government probe into the army, diplomats said. Page 6

Italian parties reach compromise: The three main parties of Italy's Freedom Alliance agreed on compromise candidates for speakers of the two houses of parliament, paving the way for a smooth opening of Italy's 12th postwar legislature today. Page 2

J.P. Morgan, the New York banking group, reported a 20 per cent fall in first-quarter net income to $345m, due mainly to a sharp drop in revenues from trading in global financial markets, which turned sour two months ago. Page 19

Charges over Chile metals losses: Two former executives of Codelco, Chile's state copper company, have been charged with defrauding the state in connection with losses of more than $200m made on metals futures trading in London and New York. Page 4

Laura Ashley 67% ahead: British fashion company Laura Ashley remained tight-lipped about the sudden departure of its American-born chief executive as it announced a 67 per cent increase in pre-tax profits to £3m. Page 23

Forte profits fall: Hotel and restaurant group Forte announced full-year pre-tax profits of £121m ($176.7m), compared with £164m, and said it had seen little improvement in the economies in which it operated. Page 19; Lex, Page 18

STOCK MARKET INDICES

FT-SE 100:	3,131.7	(-14.1)
Yield	3.88	
FT-SE Eurotrack 100	1,467.07	(-8.97)
FT-SE-A All-Share	1,582.7	(-0.4%)
Nikkei	19,987.20	(-73.21)
New York: lunchtime		
Dow Jones Ind Ave	3,665.93	(+3.56)
S&P Composite	446.63	(+0.27)

US LUNCHTIME RATES

Federal Funds:	$3\frac{7}{16}$%
3-mo Treas Bills: Yld	3.623%
Long Bond	$87\frac{13}{32}$
Yield	7.29%

LONDON MONEY

3-mo Interbank	$5\frac{1}{4}$%	(same)
Liffe long gilt future:	Jun $107\frac{17}{32}$	(Jun $108\frac{1}{2}$)

NORTH SEA OIL (Argus)

Brent 15-day (Jun)	$14.83	(14.55)

Gold

New York Comex (Jun)	$380.3	(379.9)
London	$377.5	(378.2)

STERLING

New York lunchtime:		
$	1.4755	
London:		
$	1.4771	(1.4751)
DM	2.5239	(2.5275)
FFr	8.6307	(8.6435)
SFr	2.1307	(2.1273)
Y	153.731	(152.955)
£ Index	80.0	(same)

DOLLAR

New York lunchtime:		
DM	1.712	
FFr	5.85425	
SFr	1.4485	
Y	104.25	
London:		
DM	1.7088	(1.7135)
FFr	5.8432	(5.8598)
SFr	1.4425	(1.4422)
Y	104.08	(103.695)
$ Index	65.3	(same)

Tokyo close Y 103.9

Austria	Sch32	Greece	Dr450	Lux	LFr65	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.50
Bulgaria	Lw25.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KS50
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00
Czech Rp	CZK50	Israel	Shk6.50	Norway	NKr17.00	Spain	Pta225
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr16
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Finland	FM14	Jordan	JD1.50	Philippines	Pso50	Syria	S£50.00
France	FFr9.00	Kuwait	Fils.625	Poland	Zl 32,000	Tunisia	Din1.500
Germany	DM3.50	Lebanon	US$1.50	Portugal	Esc225	Turkey	L13000
						UAE	Dh12.00

Angry Leipzig counts the cost of Schneider fall

By Judy Dempsey in Leipzig

"Damn him and his greed!" said Horst, who has been working on reconstruction of Leipzig's once elegant Hotel Fürstenhof for the Jürgen Schneider property group.

"This bloke comes with all the money from the west, thinks he can do what he wants and then dumps us. He had better not come back here. Because if he does, well, I'd rather not say what I would do with him."

Horst and his colleagues were told yesterday morning to pack their tools and leave the building site – a vast hole flanked by a fragile nineteenth century façade. "We won't be coming back here for a while unless the banks do something. Huh!"

They are not alone in Leipzig in reacting with anger, underpinned by *schadenfreude*, to the collapse of the Schneider group precipitated by the disappearence on Friday last week of its 59-year-old founder and chief executive.

Yesterday Deutsche Bank and the Frankfurt prosecutor's office launched separate legal actions alleging fraud against Mr Schneider, while a meeting of bankers decided not to push the group, whose liabilities are thought to total DM9bn ($5.2bn), into bankruptcy.

Leipzig is asking local banks to help support more than 3,000 contractors and subcontractors after the collapse.

Mr Hinrich Lehmann-Grube, the mayor, has set up a working group comprising the city, the association of enterprises in Saxony, and the local trade and industry chambers.

"We have to limit the damage as much as possible," said Mr Christoph Sorge, a spokesman for the city. "The Schneider case has created a serious psychological problem with respect to the market and property prices."

Schneider faces two allegations of fraud ....Page 17

"That guy pushed up the rents too much in Leipzig," said one retailer. "He tried to control the most prestigious parts of the town centre. He has got what he deserves. But a lot of people will suffer."

He had rented from CIP, Mr Schneider's property agent, whose offices are located on the second floor of the beautiful Mädler-Passage, a sought-after site in the heart of Leipzig.

The retailer, who asked not to be named, initially said he had rented the property for DM80 a square metre. But when pressed further he said: "OK. OK. We have to pay DM200 per square metre. I have to pay monthly. I don't know if I can cope. It really is high. I am running up debts."

By mid morning, there were only four people in the dozen or so small, elegant shops, whose prices – targeted at tourists and professionals – are too high for most Leipzigers. Mr Ulrich Thevas, an employee at CIP, tried to play down the affair. "We have no problems with our clients. Everything will be fine. We have rented out every square metre."

The retailers themselves are beginning to question their rents. "The going rate in the centre of the city for office space is about DM50," said Mr Matthias Happ from Jones Lang Wootton, the international property consultants.

But the going rate for retail property in the city centre was now between DM120 and DM150, according to another consultant. He said Schneider had been able to raise retail rental rates beyond that level because of the shortage of prime renovated property in the centre of Leipzig.

Mr Schneider arrived in Leipzig soon after the collapse of the Berlin Wall in November 1989. "He took one look at some buildings and went for them," one official from the city council said. Mr Sorge elaborated: "In some cases, he bought directly from the state itself - in fact three properties. But he paid up. The city is not owed any money."

Continued on Page 18

Bundesbank cuts key rates by quarter point

Falling inflation justifies move despite money supply

By David Waller in Frankfurt and Sara Webb in London

Cuts win praise ....Page 3
Rise in exports to EU cuts UK trade gap ....Page 9
Lex ....Page 18
London stocks Page 27
Currencies Page 34;
World stocks, Page 38;

The German Bundesbank yesterday lowered its key interest rates by a quarter of a percentage point, saying that falling inflation justified the cut in spite of rapid money supply growth.

The reduction of the discount rate to 5 per cent and the Lombard emergency borrowing rate to 6.5 per cent was followed by rate cuts in Switzerland, Austria, Belgium, the Netherlands and Denmark and raised expectations of similar moves by Italy and France.

The Bundesbank's move, which brings short-term interest rates to levels last seen five years ago, came despite explosive growth in Germany money supply this year.

The cuts signal the bank's determination to continue its policy of slow, small reductions in short-term interest rates. Although the cut in the Lombard rate was expected, the reduction of the discount – the first since mid-February – surprised financial markets.

Mr Hans Tietmeyer, Bundesbank president, said: "We have studied the situation very hard today and we are convinced that we are on the way to fulfilling our most important goal, that of achieving price stability. Thus the decision [to cut rates] is appropriate despite the strong monetary expansion."

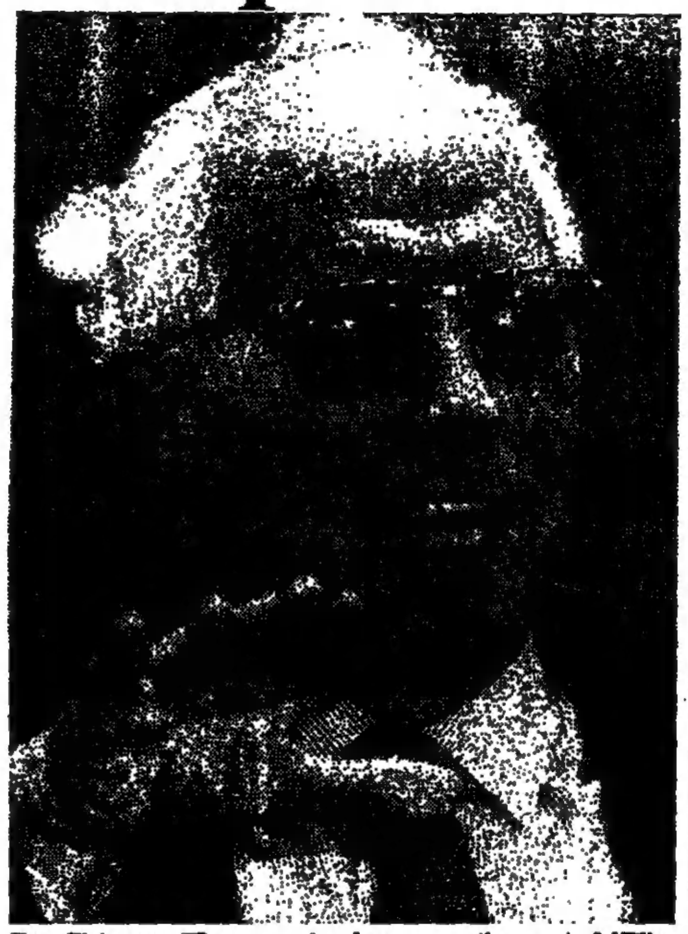
Mr Theo Waigel, finance minister, praised the move as encouraging a further strengthening of the economy. The influential German Banks' Association said the cuts showed the Bundesbank's willingness to provide support for the economy within the framework of its stability-oriented monetary policy.

Despite the rate cuts, the D-Mark strengthened to close in London at DM1.7088 against the dollar compared with DM1.7135 on Wednesday, and was also higher against most European currencies.

European government bond markets jumped initially on the rate cut news, although the performance of some, including Germany's, later showed uneasiness about the possibility of higher US interest rates and concern about the pace of Germany's cuts in rates.

Mr Tietmeyer said that stripping out the impact of higher taxes on mineral oil, the inflation rate was 2.5 per cent in the first three months of this year.

He said the inflationary outlook had improved as a result of moderate settlements in this year's wage round as well as added flexibility in the labour market which benefited the economy as a whole. He said the credibility of the Bundesbank's monetary policy had been vindicated this year as German long-term interest rates had risen by only 0.4 per cent compared to a rise of 1.3 per cent in US long-term



Hans Tietmeyer: 'We are convinced we are on the way to fulfilling our most important goal, that of achieving price stability' Reuter

Continued on Page 18

US jets destroy own helicopters over north Iraq

By Jurek Martin in Washington

US Air Force jets accidentally shot down two US Army helicopters over northern Iraq yesterday, apparently killing all 26 people on board, including two British officers. President Bill Clinton expressed "deep sorrow" at the loss of the lives of those on "a mission of mercy" to protect Iraqi Kurds, and promised a full inquiry.

He said "about 12" US crewmen had been lost. Mr Malcolm Rifkind, the UK defence secretary, who was in Washington for talks, confirmed that two British officers appeared to be among the victims, while one French and three Turkish officers had also died. Some civilians may have been on board.

Mr William Perry, US defence secretary, assumed "full responsibility" for the disaster, but was able to report only "sketchy" details in a preliminary morning briefing. US search and rescue missions have been sent to the site.

The incident took place, Mr Perry said, about 0850 GMT, 34 miles north of Irbil in Iraq. Two US F15C fighters mistook the Black Hawk helicopters for Iraqi Soviet-made Hind helicopters violating the "no-fly zone" over northern Iraq.

The zone was established by the UN in 1991 to protect the Kurds from attack by the Iraqi military in the wake of the Gulf War. A comparable prohibition on Iraqi aircraft covers the south of the country, protecting Shia Moslems.

Both Mr Perry and General John Shalikashvili, chairman of the joint chiefs of staff, were unable immediately to explain the misidentification both by the F15s, which could see the helicopters, and by a patrolling AWACS radar aircraft.

It was also unclear whether the helicopters had filed necessary flight plans and whether there had been any voice communication between the fighters and the helicopters before both jets fired their missiles. "Clearly something went wrong," General Shalikashvili said.

Mr Rifkind said the incident was particularly serious because "it happened not at a time when we are at war, nor when visibility was poor".

A Kurdish spokesman said the helicopters were ferrying officials from the UN office in Zakho, near the Turkish border, to a meeting with Kurdish leaders in Salahaddin in the central Kurdish region.

About 70 US, British and French fighter aircraft operate their no-fly zone patrols from the Nato base at Incirlik, in southern Turkey. The combined task force goes under the title Operation Provide Comfort.

Electronics giants reach accord on digital VCR design

By Alan Cane in London

A costly battle over the design of the next generation of video cassette recorders has been averted by an agreement on technical standards between the world's leading consumer electronics companies.

The accord, reached in Tokyo yesterday by the 50 members of the HD Digital Conference, is expected to avert a standards war of the kind that marred the introduction of analogue video recorders.

Sony had led the way with its technically superior Betamax format but eventually – in what was an expensive failure – had to concede defeat to JVC, which was more successful in persuading video film suppliers to use its VHS standard.

Mr Andrew House of Sony, acting as spokesman for the companies, said in Tokyo that digital technology would change the VCR industry "in the same way that digital has changed the music business by replacing vinyl records with compact discs".

Other members of the HD Digital VCR Conference include Matsushita and Toshiba of Japan, Philips of the Netherlands and Thomson of France. The computer companies IBM and Apple of the US are members because digital VCRs can be used to store computer data.

The standards are for high-definition digital VCRs, which use the binary digits ("bits") of computer language rather than analogue signals to record images and sounds. Digital VCRs will give greatly improved picture quality and make for cleaner tape copies.

Industry executives believe digital VCRs could be in the shops as early as next year. They are expected, however, to be expensive, with some estimates putting the cost of a machine at up to $3,000.

Digital VCRs have been used by professionals for some time, but until recently were too large for domestic use. The new machines will use tapes about two-thirds the size of a conventional VHS cassette with 4.5 hours recording time. Smaller versions will be possible.

VCR manufacturers have been encouraged to agree a standard among themselves because the costs and risks of taking the wrong development path are increasing. Manufacturers feel they should be able to develop products safe in the knowledge that they will not be wrong-footed by the success of a competitor's technology.

Consumers, equally, should be able to buy the new machines with the confidence that they will not be left with obsolescent products if another technology captures the market.

The agreement covers standards for VCRs used with conventional televisions and for Japan's high-definition television system. The conference said standards for a future HDTV system now being developed in the US should be ready by the end of the year.

CONTENTS

© THE FINANCIAL TIMES LIMITED 1994 No 32,342 Week No 15 LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

Northern League insists on 31-year-old former student activist 'to breathe new life into parliament'

Italian allies agree choice of speakers

By Robert Graham in Rome

The three main parties of Italy's Freedom Alliance yesterday buried their differences over the choice of speakers for the two houses of parliament and agreed on compromise candidates.

The agreement paves the way for a smooth opening of Italy's 12th postwar legislature today and early election of the speakers of the senate and chamber of deputies. This is the first constitutional step towards forming a new government, which is likely to be headed by media magnate Mr Silvio Berlusconi.

The Alliance parties – Mr Berlusconi's Forza Italia, the populist Northern League and the neo-fascist MSI/National Alliance – have been squabbling for four days over who should fill these two key institutional posts. The most difficult has been that of the senate, where the Alliance is six seats short of a majority and whose speaker deputises for the president of the republic.

Yesterday, the three parties agreed to propose Mr Carlo Scognamiglio, an economist and former rector of the private Rome university, Luiss. Mr Scognamiglio was a Liberal senator who transferred to Forza Italia.

His good contacts with the Rome establishment are considered likely to attract some cross-party support to help the Alliance majority. He is also well connected to the business world through his second wife, the daughter of Susanna Agnelli (sister of Fiat boss Giovanni) and his current companion, Cecilia Pirelli, daughter of Leopoldo Pirelli, the former head of the family tyre and cables group.

The agreement on Mr Scognamiglio, 49, who studied at the London School of Economics, was made possible by the withdrawal of the League candidate, Mr Francesco Speroni. The League, as the party with the most parliamentarians in the Alliance, had insisted on one of its own being the senate speaker. By persuading him to stand down, Mr Berlusconi has been able to demonstrate he is not going to be dictated to by the League with its strong federalist aims.

Irene Pivetti, 31, proposed speaker of the chamber of deputies. If approved, she will be the youngest postwar speaker Reuter

But as a sop, the Alliance agreed to accept a League deputy to act as speaker of the chamber. They chose to propose Ms Irene Pivetti, 31, a former Catholic student activist and League deputy for Monza in the previous legislature.

Never before has such a young and inexperienced person been proposed for this key moderating post in the chamber; but the Alliance wanted to signal their desire to breathe new life into a discredited parliament.

Commenting on the proposal to nominate Ms Pivetti, Mr Massimo Scalia, a Green spokesman, said: "We Romans are long used to being tolerant. Since Caligula proposed a horse to be senator we are not surprised by anything."

Today, as the new parliament convenes, the immunity of the members of the 11th legislature is finally removed. This means that 26 members risk immediate arrest, the most prominent being Mr Giulio De Donato, the former Socialist minister, whom Naples magistrates have been seeking to arrest on a string of corruption charges for several months.

EU 'should help draw in central European states'

By David Gardner in Brussels

The European Union should set up new structures to help integrate central Europe and to circumvent vested interests which could prevent these nations joining the union for at least two decades.

This is the conclusion of a report for the European Commission published today by Richard Baldwin of the Centre for Economic Policy Research, the independent think-tank.

Mr Baldwin says present arrangements consist of bilateral Association Agreements, which link the central Europeans separately to the EU. These allow limited access to the EU market, but do nothing to promote intra-central European trade and inhibit investment in the region.

Beyond the Association Agreements lies the far horizon of EU membership, promised for an unspecified future at last year's Copenhagen summit of Union heads of government. But in between, Mr Baldwin said "there is nothing to get us from here to there."

He argues that two concentric circles should be built around the EU core gradually to integrate central Europe.

The outer circle would include all central Europe and provide a duty-free zone for industrial products. Any liberalisation in one member would have to extend to all others, promoting trade on a pan-European basis. Mr Baldwin says this move would make trade policy more predictable and entice investors.

A second circle, an Organisation for European Integration, closer to the EU for front-runners like Hungary, Poland and the Czech and Slovak republics and possibly Slovenia, would spread the single market to the region. Free movement of labour would be excluded but any central European country could move into this circle as soon as it was ready.

Although Germany, due to take over the EU presidency in July, is expected to push for Hungary, Poland and the Czech and Slovak republics to join by 2000, Mr Baldwin believes this will be resisted.

He estimates the cost of their entry in 2000 in farm and regional subsidies would be a net Ecu58bn, ($65bn) and that these four countries would need to grow at 6 per cent a year for two decades to reach 75 per cent of average EU income.

Mr Baldwin notes that EU farmers and poor regions would fight entry, richer member states will baulk at the implied 60 per cent increase in their conributions to the union budget, and small EU members will resist dilution of their powers in the inevitable reform of EU voting rules which would follow.

The need to broaden the current structure has already established itself in the Commission's current review of central Europe policy. But Mr Baldwin's analysis underplays the extent to which security concerns could propel faster integration of central Europe. Equally, his consideration of integration costs ignores the fact that the bulk of current regional aid to poor EU member states flows back to the richer countries as construction contracts and equipment supplies.

● *Towards and Integrated Europe, by Richard E Baldwin, from CEPR, 25-28 Old Burlington Street, London W1X 1LB (Fax 4471-734 8760), Price £12.95/$19.95; or in North America from Brookings Institution (Fax 1-202-797 6004.*

German parliament relaxes labour law

By Michael Lindemann in Bonn

The German parliament yesterday approved a long-awaited series of measures to relax labour market regulations and encourage job creation, thereby reducing Germany's jobless figures, which recently reached a post-war high.

The law will allow private employment agencies to enter a market which has until now been run exclusively by a state-owned agency. It will also encourage part-time working, a measure vigorously resisted by Germany's trade unions.

Unemployed people will be encouraged to do paid work to help the community without losing their benefits, and to take on more seasonal work.

The Social Democratic party and other left-wing opposition parties said the law would not create new jobs but would whittle away workers' benefits.

Unemployment reached 4.03m in January, a post-war high. There have been forecasts that the number of jobless could rise to 4.5m this year.

The official east German unemployment rate is 17 per cent, although German figures do not include people on job creation schemes, short-time work or early retirement.

With a general election in October, Chancellor Helmut Kohl hopes the new law and subsequent measures will counter suggestions the government is doing nothing.

However, it is unlikely the new legislation will bring any immediate relief to the unemployed. Analysts say the present high unemployment rate has little to do with a cyclical downturn in the economy and more with over-manning and excessive wages.

Mr Norbert Blum, employment minister, said the government had created 3m jobs in the last 10 years and that unemployment was still high in part because a further 2.6m people had entered the labour market.

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++49 69 156 850, Fax ++49 69 5964481, Telex 416193. Represented in Frankfurt by J. Walter Brand, Wilhelm J. Brüssel, Colin A. Kennard as Geschäftsführer and in London by David C.M. Bell and Alan C. Miller. Printer: DVM Druck-Vertrieb und Marketing GmbH, Admiral-Rosendahl- Strasse 3a, 63263 Neu-Isenburg (owned by Hürriyet International)
Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL, UK. Shareholders of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd,London and F.T. (Germany Advertising) Ltd, London. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL. The Company is incorporated under the laws of England and Wales. Chairman: D.C.M. Bell.

FRANCE
Publishing Director: J. Rolley, 168 Rue de Rivoli, F-75044 Paris Cedex 01. Telephone (01) 4297-0621, Fax (01) 4297-0629. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

DENMARK
Financial Times (Scandinavia) Ltd, Vimmelskaftet 42A, DK-1161 CopenhagenK. Telephone 33 13 44 41. Fax 33 93 53 35.

Car sales on the road to recovery

By Kevin Done, Motor Industry Correspondent

New car demand in west Europe has begun a slow recovery from the worst recession since the war.

Sales rose an estimated 5.7 per cent in March to 1.25m from 1.19m a year ago, the third consecutive monthly rise year-on-year.

In the first quarter of 1994 west European new car sales have increased an estimated 5 per cent to 3.23m from 3.07m a year ago.

Sales fell sharply by 15.4 per cent in 1993 to 11.4m throwing much of the European motor industry into loss.

In the first three months this year new car sales were higher in 12 of 17 markets across western Europe, and last month the Italian car market ended 19 months of continuous decline.

The recovery has been led by the UK, which was the first large car market in Europe to enter recession, but sales are now also recovering significantly in France, Spain and in Scandinavia.

In March new car sales rose by 15 per cent in the UK, by 13 per cent in France and by 16 per cent in Spain. Last month sales were lower than a year ago in only four western European markets.

The pace of the recovery is still being slowed by Germany, the biggest car market in Europe, where new car sales are estimated to have dropped by 2.1 per cent in March to 356,000.

Carmakers are reporting a substantial increase in new orders in Germany, however.

Opel, the German subsidiary of General Motors of the US, said yesterday its intake of new orders in March was 25 per cent higher than in the same month a year ago following a 20 per cent increase in February.

The increase in new orders had allowed it to cancel short-time working planned at its Bochum plant and would necessitate extra shifts at its plant at Eisenach in eastern Germany.

Three west European countries – Denmark, France and Spain – are stimulating new car sales through the introduction of cash incentives to encourage the scrapping of old cars, and a similar move is under consideration in Italy.

PSA Peugeot Citroën of France and General Motors of the US (Opel in continental Europe and Vauxhall in the UK) have gained most ground among the big six volume carmakers in Europe in the first three months this year.

The French group increased its sales volume by an estimated 11.4 per cent in the first quarter, while GM sales rose by 9.8 per cent.

The Volkswagen group of Germany and the Fiat group of Italy, which both fell into heavy losses last year, are still losing ground in the west European market, although Seat, the VW group's troubled Spanish subsidiary, increased its sales by an estimated 13.7 per cent.

Mercedes-Benz, the German executive and luxury carmaker, is recovering sharply after suffering two difficult years and has increased its sales by 40 per cent in the first quarter, helped by the successful launch of its new C-Class executive car range.

WEST EUROPEAN NEW CAR REGISTRATIONS
January-March 1994

	Volume (Units)	Volume Change(%)	Share (%) Jan-Mar 94	Share (%) Jan-Mar 93
TOTAL MARKET	3,225,000	+5.0	100.0	100.0
MANUFACTURERS:				
Volkswagen group	528,000	+2.5	16.4	16.8
– Volkswagen	353,000	+0.7	11.0	11.4
– Audi	82,000	–2.9	2.5	2.7
– Seat	79,000	+13.7	2.5	2.3
– Skoda*	14,000	+27.5	0.4	0.3
General Motors#	417,000	+9.8	12.9	12.4
– Opel/Vauxhall	399,000	+9.0	12.4	11.9
– Saab**	14,000	+32.6	0.4	0.3
PSA Peugeot Citroen	408,000	+11.4	12.6	11.9
– Peugeot	240,000	+6.0	7.4	7.4
– Citroen	168,000	+20.1	5.2	4.5
Ford#	385,000	+5.1	12.0	11.9
– Ford Europe	382,000	+5.0	11.8	11.8
– Jaguar	3,200	+10.2	0.1	0.1
Fiat group##	370,000	–0.8	11.5	12.1
– Fiat	286,000	+2.4	8.9	9.1
– Lancia	48,000	–9.7	1.5	1.7
– Alfa Romeo	33,000	–12.4	1.0	1.2
Renault	328,000	+0.5	10.2	10.6
BMW group†	201,000	+7.5	6.3	6.1
– BMW†	99,000	–0.3	3.1	3.2
– Rover†	102,000	+16.4	3.2	2.9
Mercedes-Benz	115,000	+39.8	3.5	2.7
Nissan	109,000	+2.1	3.4	3.5
Toyota	83,000	–2.2	2.6	2.8
Volvo	53,000	+20.7	1.7	1.4
Mazda	48,000	–10.1	1.5	1.8
Honda†	40,000	+4.5	1.2	1.2
Mitsubishi	31,000	–14.2	1.0	1.2
Suzuki	23,000	–14.8	0.7	0.9
Total Japanese	353,000	–4.1	11.0	12.0
MARKETS:				
Germany	849,000	+1.0	26.3	27.4
Italy	538,000	–8.1	16.7	19.1
United Kingdom	529,000	+16.8	16.4	14.8
France	454,000	+12.5	14.1	13.1
Spain	201,000	+15.6	6.2	5.7

*VW holds 31 per cent and management control of Skoda.
#Includes cars imported from US and sold in western Europe.
**GM holds 50 per cent and management control of Saab Automobile.
Fiat group includes Lancia, Alfa Romeo, Innocenti, Ferrari and Maserati.
†BMW owns 80 per cent of Rover group and is to acquire the remaining 20 per cent from Honda.
Source : Industry estimates

EUROPEAN NEWS DIGEST

Enterprise fund for Russia

A fund to help privatised enterprises in Russia develop their competitiveness and efficiency was announced yesterday in Moscow. The fund, approved by the Group of Seven last July, will have an initial capital of $100m (£68m) and loan and other guarantees of $150m. Mr Michael Blumenthal, the former US Treasury secretary and chairman of the Fund for Large Enterprises in Russia, said the fund had already begun looking for investment opportunities. "The real process of privatisation has only just begun – and that is to make the companies focus on becoming competitive in the market," he said.

Funds have been provided by USAID, with guarantees from the Overseas Private Investment Corporation. The fund, to be headed by Mr Austin Beutner, a former merchant banker, will have its headquarters in Moscow and an office in New York. Foreign investment is picking up markedly – though from very low levels. However, political and economic uncertainties have suppressed rapid growth of foreign enthusiasm. *John Lloyd, Moscow.*

Moscow taxes currency trading

Moscow's municipal authorities yesterday introduced a 0.1 per cent tax on foreign exchange trading on the capital's currency exchanges. Bankers predicted the bulk of business would shift to the unofficial interbank market. The Moscow Interbank Currency Exchange (Micex) said the tax, which applies to all foreign currency sales and purchases through the city exchanges, took effect immediately. Plans to introduce the tax were announced earlier this year despite opposition by the central bank and commercial banks. The shift in foreign exchange trade away from Micex will hit the central bank's ability to intervene on markets, bankers said. Average trading volume on Micex is around $40m a day, well below the estimated $200m on the unofficial market. *Reuter, Moscow*

Far-right party escapes ban

Germany's right-wing Republican party is becoming increasingly extreme but members' behaviour has not reached a stage where the party could be banned, Mr Manfred Kanther, the interior minister, said yesterday. Mr Kanther said the constitutional court in Karlsruhe would throw out any case on the basis of existing evidence. Although individual party members were committing offences, this was not sufficient to ban the party.

The German Communist party was the last party to be banned by the constitutional court in the 1950s, in a case which lasted five years. Violent offences by right-wing extremists last year totalled 2,232, 15 per cent lower than the year before. Seven people died in right-wing violence last year, according to the annual report by the agency for constitutional protection. The 23,000 party members have been under observation since December 1992 in all 16 Länder (states). *Michael Lindemann, Bonn.*

Mandatory energy saving urged

Mandatory targets on energy-saving should be introduced if voluntary agreements prove insufficient to cut energy use and carbon dioxide emissions, according to a working party of the Brussels-based Centre for European Policy Studies. Over-concentration on the stalled EU carbon tax has deflected attention from energy conservation, both as a means to sharpen competitiveness and to meet EU commitments to stabilise carbon dioxide emissions, the working party said.

The working party, comprising representatives of 10 oil companies and utilities as well as manufacturing companies, prefers the voluntary approach that industry has so far emphasised in opposition to energy taxes or regulation. But it wants national targets for energy efficiency and a new title in the Maastricht treaty committed to it. If the voluntary approach falters, it calls for obligatory energy management in industry, regulations to stop utilities promoting increased consumption, mandatory standards of energy efficiency for appliances, and requirements for companies to report on energy performance. *David Gardner, Brussels.*

Sweden swinging to the left

Support for Sweden's opposition Social Democrats has risen to 50.5 per cent against 39.0 per cent for parties in the centre-right government, according to an opinion poll yesterday. The poll suggests the party is benefiting from turmoil in New Democracy, the populist party which holds the balance of power, where support has crumbled to 2.5 per cent from 4.5 per cent in a month. A Social Democrat victory in September's general election is viewed as strengthening chances of a "yes" vote in the Swedish referendum on EU membership on November 13. *Christopher Brown-Humes, Stockholm.*

Balladur survives censure move

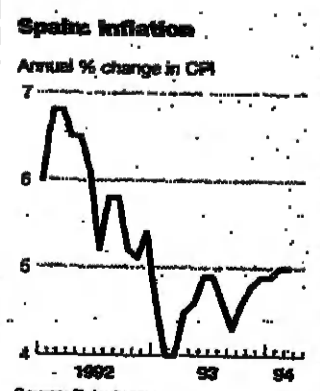
French Prime Minister Edouard Balladur (left) yesterday easily escaped censure of his government's employment policy on a motion tabled by the Socialist and Communist opposition that gained 87 votes, far short of the 289 needed for it to pass. But the prime minister was warned by his supporters that a better dialogue within his own party would have saved him from some recent mistakes. At a separate Gaullist party meeting, the leader, Mr Jacques Chirac, told Mr Balladur: "Don't be alarmed, dear Edouard, at the suggestions made by members of your majority. They are only made out of a desire to succeed together." *David Buchan, Paris.*

ECONOMIC WATCH

Spanish inflation disappoints

Spain: Inflation

Annual % change in CPI



Source: Datastream

The expected fall in Spanish inflation has so far failed to materialise as March consumer price data showed a 5 per cent rise from the previous year. The monthly increase of 0.3 per cent brought accumulated inflation this year to 1.4 per cent, slightly higher than in the same period last year. The government target for the year is to bring the rate down to 3.5 per cent. The underlying inflation rate, excluding volatile fresh food and energy prices, rose 0.5 points from February, leaving the increase compared with a year earlier at an unchanged 4.9 per cent. Bank of Spain figures meanwhile showed a 2.2 per cent monthly increase in broad M4 money supply, with an 8.7 per cent increase in lending to the private sector. *David White, Madrid.*

■ Norway's trade surplus fell to NKr1.67bn (£146m) in March from NKr3.6bn in February and NKr4.5bn in March 1993. The cumulative January-March figure fell to NKr9.90bn from NKr14.42bn in the same period last year.

■ Italy's machine tool orders rose 30.7 per cent year-on-year in the first quarter of 1994, the first rise for three years, the industry association Ucimu reported. Domestic demand rose 17.4 per cent, while foreign orders were up 44.9 per cent compared with the same period last year. Ucimu said this was a sign of rising industrial confidence.

■ The number of registered unemployed in Poland dropped by about 19,000 in March, a jobless rate of 16 per cent.

Bundesbank rate cuts win praise abroad

By Peter Norman, Economics Editor

Yesterday's unexpected Bundesbank decision to cut both the discount and Lombard rates by 0.25 percentage points to 5 per cent and 6.5 per cent respectively won praise from the US Treasury and triggered a rash of rate cuts in continental Europe.

But the German central bank itself was at pains to banish any idea that it was currying favour abroad ahead of meetings later this month of world finance ministers at the International Monetary Fund or the next get-together of ministers and central bank governors from the Group of Seven countries in Washington on Sunday, April 24.

Instead, Mr Hans Tietmeyer, the Bundesbank president, underlined that the decisive factor behind the Bundesbank's decision was its expectation that inflation in Germany would fall in the months ahead to below 3 per cent in the second half of this year.

Sharply reduced inflationary expectations – reinforced by the unexpectedly favourable outcome to this year's spring wage round and falling unit labour costs – have allowed the Bundesbank to discount any inflationary implications in the very rapid growth of M3, the bank's targeted measure of money supply.

Although broad money, as measured by M3, grew at an annualised rate of 17.5 per cent in February and so well above its target growth range of 4 to 6 per cent by the end of this year, Bundesbank officials yesterday stressed that this was due to special factors.

Changes in German tax laws had provoked a massive liquidation by German investors of mutual funds held in Luxembourg earlier this year as well as substantial sales of dwellings. Cash realised through these transactions landed in German bank accounts just as bond markets worldwide were suffering the repercussions of February's move to dearer money in the US. As a result, the cash stayed on deposit, swelling German M3 numbers.

By cutting its psychologically important discount and Lombard rates, the Bundesbank hopes to persuade investors that German rates are decoupled from the rise in US rates and that they can place their money profitably in long term instruments such as German government bonds.

Such action on a substantial scale would slow the growth in M3 and could justify the Bundesbank's decision yesterday to keep to its money supply target for this year.

Although a surprise to financial markets, yesterday's German rate cuts are consistent with the cautious monetary easing pursued by the Bundesbank since the crisis in the European exchange rate mechanism in the autumn of 1992. The important repurchase or "repo" rate, which the Bundesbank uses to steer monetary conditions, was left at 5.7 per cent yesterday.

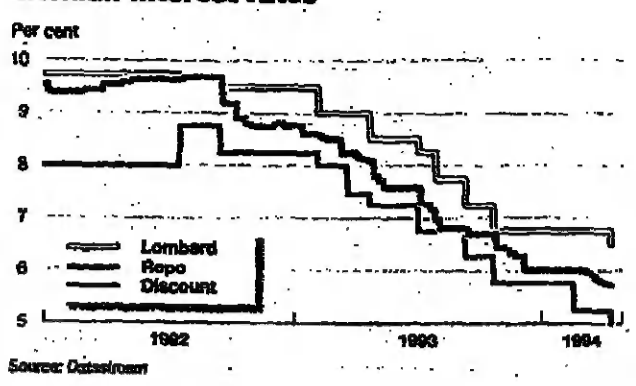
At this level the repo is slightly below the mid-point of the new "corridor" set by the discount and Lombard rates. Yesterday's rate cuts create scope for a further modest easing in German money market rates.

Although yesterday's action will have a modest fallout in terms of borrowing costs, the move was warmly welcomed by ministers of Chancellor Helmut Kohl's embattled centre-right coalition in Bonn as support for the government's efforts to boost growth and employment.

While convincing itself that it was adhering to its anti-inflationary duty, the Bundesbank appeared for once to have pleased both international and national opinion.

But a comment from the German Federation of Chambers of Commerce (DIHT) that the Bundesbank "should not neglect the still unsatisfactory growth in the money supply" in its policy decisions was a reminder of the strong support that rigorous anti-inflationary policies command in German business circles and public opinion.

German interest rates



Source: Datastream

The Bundesbank made record profits of DM18.83bn (£7.48bn) last year, defying the recession in Germany which its critics allege it helped to foster with unnecessarily high interest rates, writes David Waller in Frankfurt.

Mr Hans Tietmeyer, Bundesbank president, expressed satisfaction but no glee about the profits.

The profits reflect the turbulence in world currency markets last year and are up from the DM14.73bn made in 1992. Of the total, DM18.26bn was transferred yesterday to the government, where all but DM7bn of the cash must by law be used to pay off government debt as it falls due. The rest can be offset against the budget deficit.

Mr Theo Waigel, finance minister, said yesterday he was pleased with the result but stressed that the profit did not create room for more public spending. It would mean that the government would borrow DM11bn less this year on the capital markets than originally planned, he said.

Albania rattles a diplomatic sabre at Greece

Tirane fears Athens has intentions on its territory, writes Kerin Hope

Sheep-rustlers, cigarette smugglers and illegal immigrants have no difficulty evading Greek paratroopers guarding the mountainous border with Albania.

They participate in a flourishing black market in goods and services, tolerated by authorities on both sides of the frontier despite political hostility between Athens and Tirane. However, the killing of two Albanian soldiers at a training centre for recruits outside Gjirokaster on Monday raises fears that Greek right-wingers may be exploiting official laxity to undermine the socialist government's efforts to improve relations with Albania.

Mr Karolos Papoulias, Greek foreign minister, yesterday denied Albania's claim that the attack was carried out by Greek soldiers.

Proposing a meeting with Mr Alfred Serreqi, his Albanian counterpart, to discuss the incident, Mr Papoulias said Greece wants "normal, co-operative relations with Albania," but not at the cost of discrimination against the ethnic Greek minority in southern Albania.

The presence of the Greek minority in what Greeks call North Ipiros, however diminished by massive emigration to Greece over the past three years, gives the Albanian government some leverage in an awkward relationship with its neighbour. Albania fears that Greece still has territorial designs on North Ipiros, briefly occupied by Greek troops in the first world war.

Though successive Greek governments have repeated that existing borders in the Balkans must be respected, a nationalist faction in the conservative opposition New Democracy party speaks openly of the need to "maintain the Greekness" of southern Albania.

A claim of responsibility for Monday's attack by the North Ipiros Liberation Front, last heard of as a right-wing resistance group during the German occupation of Greece during the second world war, is causing the socialist government concern.

The strength of the Albanian government's reaction, expelling the Greek consul in Gjirokaster, asking the UN Security Council to condemn Greece and calling for a European Commission inquiry, underlined the anxiety felt in Tirane.

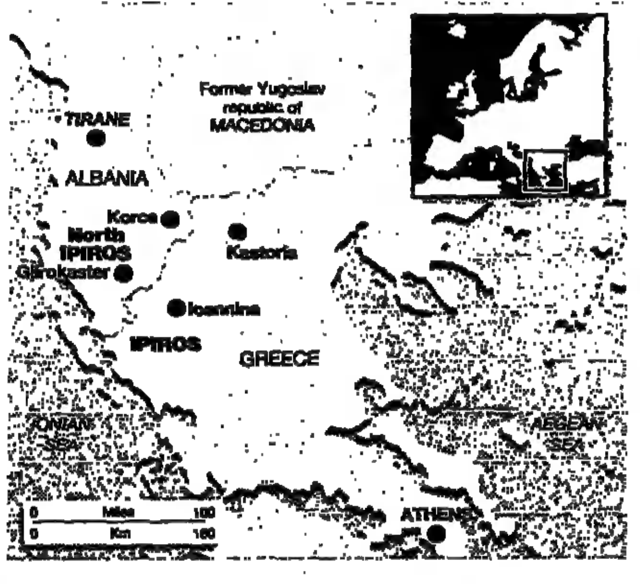
The attack followed reports that Tirane was encouraging Albanians from the north of the country to settle in the south, left uncultivated since the exodus of ethnic Greeks across the border.

At least half the estimated 200,000 Albanians working illegally in Greece claim ethnic Greek origins, entitling them to residence permits and eventual citizenship. As a result, dozens of villages in southern Albania are populated by a few elderly people and school-age children. However, the size of the ethnic Greek minority is disputed. The official Greek estimate is 200,000, while the Albanian government figure is less than 100,000.

Ethnic Greek communities claim frequent human rights violations, with Albanian authorities restricting Greek participation in privatisation of small businesses and curtailing teaching of Greek in schools.

The situation in Gjirokaster has been tense since last summer, when violent demonstrations followed the expulsion of a Greek Orthodox priest accused of distributing nationalist propaganda. Greece retaliated by expelling some 20,000 Albanian migrant workers.

Mr Papoulias, who did much to improve ties with Albania's communist government in the 1980s, has been trying again, this time with President Sali Berisha's Democratic party. One Greek official said yesterday that implementing his policy of closer co-operation with Albania on border security, customs controls and work permits for Albanian workers is "now a necessity."



Russia seeks to bind CIS economies

By John Lloyd in Moscow

Russia, which today hosts the Commonwealth of Independent States summit, will propose the creation of an Inter-state Economic Committee to be based in Minsk, the capital both of Belarus and of the CIS.

The Committee's responsibilities have not been defined – but it is likely to be seen as a forerunner of a central bank for states participating in the economic union.

Also on the agenda of the one-day meeting will be the creation of a free trade zone, agreement on the creation of transnational companies and the concept of a "payments union".

The proposal for the new institutions follows agreement between Russia and Belarus on a close economic union under which Belarus would lose all effective economic independence, its temporary currency and its independent central bank.

Mr Victor Chernomyrdin, the Russian prime minister, has made as sure as he can through active lobbying that the agreement will be ratified by the Russian parliament, while the Belarus chamber, dominated by pro-Russian deputies, is also likely to produce the two-thirds majority required.

Mr Stanislav Bogdankevich, the governor of the Belarus Bank who signed the agreement in Moscow, said in Minsk that he did so with the reservation that it contravenes the Belarus constitution and that until that is settled, he would regard the agreement as inoperative.

Mr Thomas Wolf, a senior official of the International Monetary Fund, said yesterday that the agreement could spark off "a new round of inflation" in Russia, depending on the rate at which the rouble was exchanged for the Belarus coupon – known as the "bunny".

At the CIS summit, the main problems will be with the leaderships of the two states closest – after Belarus – to Russia, Ukraine and Kazakhstan.

Tension is still high between Moscow and Kiev after the weekend incidents in Odessa where a Russian ship of the Black Sea Fleet seized radar equipment and Ukrainian militia arrested Russian officers.

A Ukrainian government spokesman said yesterday that three Russian ships were sailing towards Odessa to collect the eight naval families there but, he said "why do you need such an armada for eight families?"

> Creation of an inter-state committee, a free trade zone, transnational companies and a 'payments union' are all on the agenda

Talks in Kiev on Tuesday failed to solve the underlying question of the fleet's ownership, and the issue will again be put before Presidents Boris Yeltsin of Russia and Leonid Kravchuk of Ukraine.

One certain absentee today will be President Nursultan Nazarbayev of Kazakhstan.

Mr Nazarbayev had proposed a "Euro-Asiatic Union of the Slav and Asiatic states in order to bind the western countries of Ukraine, Belarus and Russia more tightly into association with the Central Asian ones – but had been rebuffed by the Russian foreign ministry, which said it "lacked detail."

Mr Nazarbayev was said by the Kazakh embassy in Moscow to have been suddenly taken ill yesterday.

"It's a real illness," said the embassy spokesman, Mr Vyacheslav Kovolov. "It's not a diplomatic one."

US tobacco companies go on defensive

By George Graham in Washington

US tobacco companies yesterday denied that cigarettes were addictive or that they manipulated the nicotine levels in their products, as they tried to defend themselves against a ferocious assault by members of Congress.

"Cigarette smoking is not addictive," said Mr William Campbell, president of Philip Morris USA, one of the leading tobacco industry executives who appeared before a House of Representatives health committee.

The industry faces a three-pronged assault with potentially devastating consequences for its future.

The US Food and Drug Administration is considering whether to regulate nicotine as an addictive drug – a move that could lead to a ban on cigarettes containing nicotine – and the Labour Department has proposed a ban on smoking in all US workplaces, including restaurants and bars, because of the deaths caused by second-hand smoke.

Also, the tax on cigarettes is likely to leap from 24 to 99 cents (16p to 67p) a pack, to help pay for the reform of the US healthcare system.

The committee chairman, Congressman Henry Waxman, opened the ill-tempered and confrontational hearing yesterday by requiring the tobacco executives to testify under oath.

"This hearing marks the beginning of a new relationship between Congress and the tobacco companies," Mr Waxman said, before beginning a hostile cross-examination of the industry representatives.

The executives denied manipulating the level of nicotine to keep smokers hooked even when they switch to lower-tar cigarettes.

Under close questioning from Mr Waxman, all panies admitted they could adjust the concentration of nicotine in their cigarettes through blending different tobaccos.

All, however, said that they did not aim for any particular nicotine level through the blending.

"We do not design our cigarettes with any specification for nicotine. We design them for tar levels," said Mr James Johnston, chief executive of R J Reynolds.

But Mr Waxman said a study by Mr Alexander Spears, now vice-chairman of Lorillard, another cigarette company, showed in 1981 that the tobacco industry had deliberately aimed to raise nicotine levels in low-tar cigarettes.

Mr Spears yesterday told Mr Waxman that he had totally misunderstood the evidence.

RJR share move, Second Section

Charges over Chile metals losses

By David Pilling in Santiago

Two former executives of Codelco, Chile's state copper company, have been charged with defrauding the state in connection with losses of more than $200m (£135m) made on metals futures trading in London and New York.

Mr Owen Guerrini and Mr Carlos Derpsch, former head and deputy head of sales respectively, were the immediate superiors of Mr Juan Pablo Dávila, the futures operator accused of making the unprecedented losses.

Codelco, the biggest copper producer in the world, accounts for 20 per cent of Chile's foreign exchange earnings.

The two former executives were charged on Wednesday and both were denied bail. Mr Dávila, also charged with defrauding the state, is also being held.

A fourth executive, Mr Gonzalo Trivelli, former vice-president of sales, was released for lack of evidence. His uncle, former President Patricio Aylwin who stepped down last month, has proclaimed Mr Trivelli's innocence.

Various teams investigating the futures losses have still not discovered exactly how Codelco managed to lose the equivalent of 0.5 per cent of Chile's gross domestic product in a matter of months.

It remains unclear whether controls to prevent big losses were deliberately circumvented or whether the board of directors had been informed of Codelco's speculative – rather than hedging – activities. Even the amount of losses, put at anywhere between $207m and $312m, is still in question.

The new administration of President Eduardo Frei has pledged to modernise the unwieldy structure of Codelco. Privatisation has been ruled out but the company's six divisions are to be split into autonomous units, some of which would be able to undertake joint ventures with the private sector. Codelco speculation on metals futures has been suspended indefinitely.

Reviewing a fatal aerial engagement

Jurek Martin examines the downing of two helicopters over Iraq yesterday

The chairman of the US joint chiefs of staff, General John Shalikashvili, almost bristled yesterday when asked a question about the rules of engagement of US forces operating under UN mandate and over Iraq. The general made clear that such rules were not in the public domain, for good reasons of mission security.

But the tragic incident over the skies of northern Iraq yesterday – an apparent accident – combined with the circumstances of the Nato air strikes against Bosnian Serb positions around Gorazde this week to demonstrate the extent to which authority to initiate action may now be vested in local commanders.

This represents a marked departure from the military practices of the Cold War, when it was assumed that decisions to take offensive actions were passed to the highest levels of the chain of command in both Washinghton and Moscow, including the offices of the respective heads of government.

This was not an infallible safeguard, as the downing in 1983 by Soviet fighters of the Korean airliner to the north of Japan showed. Nor, in the US case, were local commanders completely hamstrung, as was demonstrated in 1987 when the USS Vincennes, sailing in the Gulf, misidentified and shot down an Iranian Airbus.

In both Bosnia and Iraq, US officials made clear this week that no prior authorisation for each action by the president or his secretary of defence was now necessary. In the case of Bosnia, the authority to call in air strikes resides with UN military and civilian officials in New York and on the ground, specifically and respectively General Sir Michael Rose and Mr Yasushi Akashi.

An American Sikorsky Blackhawk helicoper of the type shot down over the no-fly zone in northern Iraq yesterday Picture: AP

In the US view, Russian anger at not being informed in advance of the Gorazde air strikes, even if that anger was relatively muted, might have reflected real or feigned ignorance of the automatic rules of engagement of the Nato air force. They point out that even President Bill Clinton himself was not apprised of that action before the event.

Pending further knowledge of the latest incident over Iraq, all Gen Shalikashvili could suggest yesterday was that the US Blackhawk helicopters had been misidentified by the two F-15 jets which had shot them down, even though visual contact had been established and even though an Awacs US radar aircraft was on patrol at the time.

In New York, a UN spokesman emphasised that the downed helicopters were neither on a UN mission nor were part of any operation under the organisation's authority. He said they were from a military co-ordination centre set up by Operation Provide Comfort, a multilateral exercise by the US, Britain and France, albeit under the terms of UN resolutions.

Gen Shalikashvili resisted suggestions that operating procedures had been broken. A clear comparison exists with the incident, days after Mr Clinton took office last year, when US fighters shot down Iraqi jets flying in apparently clear violation of the northern Iraq no-fly zone. The decision to engage in combat was taken on the ground.

There is political concern in the US, shared by Mr Clinton, about any abrogation of US military command and control in international peace-keeping or enforcement operations. This reached a pitch last autumn after 18 US troops in Somalia were killed in a Mogadishu firefight, a disaster brought about at least in part by the determination of Mr Boutros Boutros Ghali, UN secretary general, to strike at General Aideed, the Somali warlord.

Weeks before, Mr Les Aspin, then US secretary of defence, had refused a request for reinforcement from the US ground commander in Somalia, on the grounds that it would send the wrong signal while peace negotiations were being explored. The administration's overall conclusion was that the views of local US commanders should be respected.

But there was no inclination yesterday to shift the blame for what happened over Iraq to local commanders. Both Mr William Perry, secretary of defence, and Gen Shalikashvili assumed "full responsibility" for what happened. They implied that all local rules of engagement under the UN umbrella will be thoroughly reviewed.

Clinton objects to caning sentence by Singapore

President Bill Clinton yesterday renewed his objections to a Singaporean court's decision to cane a US teenager for vandalism, reports **George Graham in Washington.**

Michael Fay, an 18-year-old student at Singapore's international school, was sentenced to six strokes of the cane, four months in jail and a S$3,500 (£1,500) fine for vandalism.

Fay is expected to appeal next week to President Ong Teng Cheong for clemency over the caning, but diplomats say that Mr Clinton's repeated interventions have drawn so much attention to the case that there is now virtually no chance of Singapore overturning the sentence.

Mr Clinton referred to the possibility of permanent scarring and said US public opinion, overwhelmingly on Singapore's side, had mistaken the gravity of the punishment.

Brazilian MPs expelled

The Brazilian Congress has expelled two members over a bribery scandal, congressional officials said yesterday, agencies report from Brasília.

The legislature voted late on Wednesday to strip Mr Carlos Benevides of his mandate. He is the son of a former senior congressman and was a leading member of the Democratic Movement Party (PMDB), the biggest in Congress. Earlier, a substitute legislator, Mr Feres Nader of the Brazil Labour Party (PTB), was also expelled.

The two were the first to be sanctioned among 17 deputies recommended for expulsion by a special Congressional commission examining a bribery scandal that shocked Brazil when it came to light last October.

The 17 are accused of having manipulated public funds and having received bribes to obtain public contracts for private contractors.

Three of the 17 accused have resigned their mandates rather than risk being stipped of them.

Apart from losing their Congressional seats, the expelled deputies will be barred from public office for three years.

Mexican kidnap threat

Kidnappers who seized the chairman of Mexico's largest banking group last month have threatened to kill him unless their demands are met, agencies report from Mexico City.

"We're set on executing him if you don't fulfil our conditions," said a copy of a typed letter, dated Tuesday and addressed to *Grupo Financiero Banamex-Accival*, which is headed by billionaire Mr Alfredo Harp Helu.

He was abducted on the morning of March 14 while driving to work from his home in Mexico City.

The letter was accompanied by a hand-written plea, apparently from Mr Harp, and a photograph of him beside a newspaper dated April 12. "Pay the ransom, my life is in danger, give me the opportunity to return to you and to my family," said the letter.

Banamex-Accival officials were not available to comment. Police said the *family had asked that the police stay* out of negotiations.

The documents did not disclose the ransom being sought or any conditions set by the kidnappers, who accused the financial group of callousness in hiring insurers to assist in the case.

صورة من الاصل

مكاتب الاهل

1944, BRETTON WOODS: THE IMF AND THE WORLD BANK.

1945, SAN FRANCISCO: THE UNITED NATIONS.

1994, MARRAKESH: THE WORLD TRADE ORGANIZATION.

History knows where it's going.

IT'S IN MOROCCO THAT 124 COUNTRIES ARE SIGNING THE GATT AGREEMENT.

For the first time, a treaty that will do much to shape the world's future will bear the name of Marrakesh, a city at once Arab and African.

The Final Act of the Uruguay Round, marking the conclusion of the most ambitious trade negotiation of our century, will give birth - in Morocco - to the World Trade Organization, the third pillar of the New World Order, along with the United Nations and the International Monetary Fund.

The fact that this treaty - surely one of the most important in the History of Nations - is signed in Marrakesh, testifies to the esteem and trust in which the international community holds Morocco.

Today, as yesterday, it is in Morocco that the hopes and ambitions of the Nations of the North and the South converge.

None was as qualified as Morocco to be at this crossroads of opportunity and hope.

URUGUAY ROUND 94

MARRAKECH

MAROC

UN Rwandan role in doubt as Belgians quit

By Leslie Crawford in Nairobi and Gillian Tett in Brussels

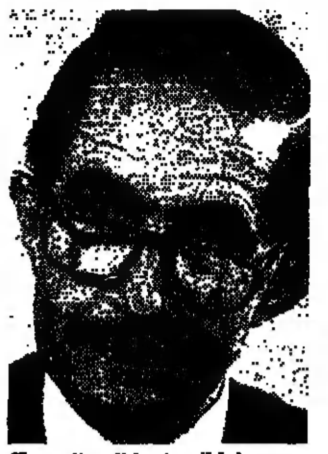
The United Nations was yesterday searching for ways to salvage its peacekeeping operation in Rwanda following a decision by Belgium, the former colonial power, to pull out its 420-man UN contingent from the strife-torn nation in central Africa.

Mr Willy Claes, Belgian foreign minister, said in Brussels that the inadequate protection provided for the UN troops meant that it was now "senseless" to continue the operations under the existing mandate, established after a 1990 peace agreement in Arusha.

The UN presence, he said, had been unable to prevent the deaths of tens of thousands of people in Belgium's former colony. Furthermore, there was such an anti-Belgian climate in Rwanda that soldiers' lives were in danger.

Mr Claes notified Mr Boutros Boutros Ghali, UN secretary-general, of Belgium's intention to withdraw at a meeting in Bonn this week.

Yesterday, visibly angry over the events, Mr Claes added that "the credibility of the UN is now at stake".



Claes: 'terrible, terrible'

His comments reflect the disgust felt by Belgian politicians about the poor protection provided for the UN troops in Rwanda following the massacre of 10 Belgian soldiers last Thursday – deaths that occured in a "terrible, terrible" manner, Mr Claes said. The 10 were executed by rampaging Rwandan soldiers in the violent aftermath of President Juvenal Habyarimana's death in an air crash nine days ago.

In addition to the Belgian troops serving with the UN force, Belgium also has up to 800 paratroopers in the country who are organising the evacuation of foreign nationals. These troops are expected to leave tonight, when a deadline set for their withdrawal by the Rwandan government expires.

Mr Boutros Ghali has ordered Gen Romeo Dellaire, the Canadian commander of the 2,500-strong UN Assistance Mission to Rwanda (Unamir), to prepare plans for withdrawal. He has told the Security Council he does not think the operation is viable without a Belgian presence or replacement troops.

The Security Council was meeting last night to discuss what role, if any, the UN could now play in Rwanda. The peacekeepers arrived last October, at the request of Gen Habyarimana's government and the rebel Rwandan Patriotic Front (RPF), which had signed an accord in August to end three years of civil war.

But the collapse of the peace agreement, with rebels fighting the Rwandan army for control of the capital, Kigali, has rendered the UN mission null and void.

The rebels yesterday denied they had agreed to truce talks as they fought for a second day for control of the capital.

South African mediation effort fails

By Patti Waldmeir and Mark Suzman in Johannesburg

SOUTH AFRICAN ELECTIONS April 26-28

An attempt to resolve South Africa's political crisis through foreign mediation collapsed yesterday. Mediators packed their bags and left the country's political parties to their disputes.

"The fact that it has failed fills me with sadness," Lord Carrington, former British foreign secretary, told reporters as he, Mr Henry Kissinger, former US secretary of state, and five fellow mediators cut short their mission after the parties failed to provide them with agreed terms of reference.

The failure of mediation, less than two weeks before planned all-race elections, will seriously undermine hopes for a peaceful poll and for the stability of the new government. Constitutional negotiations may resume after the poll. In the meantime, the African National Congress will continue trying to do a separate deal with Zulu King Goodwill Zwelithini, to guarantee his constitutional status and persuade him to endorse the poll.

At the same time, the ANC will push for a further security crackdown in KwaZulu/Natal, power base of Zulu Chief Mangosuthu Buthelezi, Inkatha leader. Mr Cyril Ramaphosa, ANC secretary general, said more troops would be sent to the area to deal with a predicted surge in violence. Some 213 people have been killed in political unrest since a state of emergency was imposed there on March 31.

Mr Ramaphosa made an unprecedented visit to the Johannesburg Stock Exchange to warn brokers of the imminent collapse of mediation. Markets reacted negatively. The JSE's overall equity index weakened 68 to 4,955 and the commercial rand, the trading currency, dipped 0.62 cents against the dollar to close in London at R3.6008 in spite of central bank intervention.

The three parties to mediation – the ANC, Inkatha and the government – yesterday traded recriminations at separate press conferences. The dispute centred on whether Inkatha's demand for a delay in the election date could be a subject for mediation. The ANC and government insist the April 26-28 election dates are sacrosanct, while Inkatha wanted the election delayed to allow it to prepare for the poll in the event that mediation delivered a constitutional settlement.

Flag is lowered on 'grand apartheid'

By Michael Holman in Umtata

Major General Bantu Holomisa stood erect, the bugler sounded the Last Post, and the flag of Transkei was lowered for the last time. Nominally independent since 1976, self-governing since the mid-1960s, victim of corrupt leaders as well as apartheid itself, the territory was yesterday re-incorporated into South Africa.

It was an act which, declared Mr Walter Sisulu, the guest of honour and veteran African National Congress leader, marked "the burial of the apartheid system".

Not quite: Chief Mangosuthu Buthelezi continues to exploit the legacy of apartheid, fighting for what amounts to an autonomous KwaZulu state in the new South Africa. But that bitterly disputed issue was not allowed to spoil yesterday's celebrations.

There were, however, some tense moments. The Escort to the Flag had to use unconventional methods to discharge his solemn duty and save the day from embarrassment. A particularly stubborn knot threatened to prolong the attachment of the Transkei flag to the pole once it had reached the ground.

The white gloves of the officer did not help; strong white teeth did the trick. A firm grip, a sharp tug, and the crowd cheered as the homeland of Transkei was symbolically set free, and Bazooka Ben and his Band came on stage to set feet tapping.

"The occasion symbolises the closing of the last chapter of the apartheid system... It signifies the imminent dawn of a new era of a representative government accountable to all South Africans," the general told the crowd in Umtata's independence stadium.

Comrade Johnson Mlambo, of the radical Pan-Africanist Congress, put past injustice in the forefront of his concern. The average land holding in the Transkei was under 2.8ha, while across the "border" commercial farms spread out over 1,500ha. The inequity must be addressed, he said.

Popular as a PAC campaign strategy this may be, Gen Holomisa made clear that Xhosa-speaking Transkei is ANC country. Its favourite sons include Mr Nelson Mandela, ANC president.

Gen Holomisa is himself well regarded locally. Number 13 on the ANC's list of candidates for the national assembly to be elected in a fortnight, he is earmarked either for a senior cabinet post or a top position in the integrated defence forces.

The general, who took power in a bloodless coup at the end of 1987, has proved a canny politician. He soon aligned himself with the ANC and the PAC. Yesterday he was looking for votes. Transkei had suffered because Mr Mandela and others from the territory had been in the vanguard of the battle against apartheid, he told the crowd.

This historical grievance had to be redressed by the post-election government, said the general. "And it will," he vowed, "for I will be part of the team".

Lesotho soldiers kill deputy PM

Dissident soldiers shot dead Lesotho's deputy prime minister yesterday and seized four cabinet ministers in a mutiny apparently over a planned government probe into the army, according to diplomats, Reuter reports from Maseru.

"The deputy prime minister, Solemetsi Baholo, is dead. He was shot while resisting being taken by the soldiers," one said. In Pretoria, the South African Foreign Ministry said it was "appalled by the developments" and would not recognise any government installed by force.

South Africa said it was reactivating a task group of Zimbabwe, Botswana and South Africa that had mediated in the January crisis. Mr Pik Botha, South African foreign minister, said the Lesotho government had sought "immediate South African mediation with the Lesotho Defence Force".

But diplomats said there was no indication a coup was under way in the mountain kingdom of 1.8m people, which is surrounded by South Africa. The crisis was rather caused by a mutiny apparently in one section of the army, they said.

A Lesotho government spokesman said soldiers from the main Makonyane barracks were holding the four cabinet ministers at their headquarters.

At least five soldiers were killed and 11 people wounded in the January fighting, which broke out initially over pay and conditions.

World Bank projection

Brighter outlook for third world

By George Graham in Washington

The World Bank is projecting a much brighter economic outlook for developing countries over the next decade, despite prospects of slower growth in the industrialised nations.

"The international economic environment is likely to be more favourable for developing countries as a whole during the 1990s than it has been in the last 20 years," said Mr Michael Bruno, chief economist at the Washington-based development institution.

"Developing countries are projected to grow at a rate of 4.8 per cent per annum during the coming decade, considerably higher than the 3 per cent per annum recorded during the 1980s," Mr Bruno said.

Although growth in the industrialised countries has in the past had a large spillover effect on the rest of the world, the World Bank says in its annual assessment of global economic prospects, published yesterday, that the modest growth rates of 2.5 to 3 per cent likely in Europe, North America and Japan over the next decade need not hold back the developing nations.

Mr Bruno said lower real interest rates, higher flows of private capital into the developing countries, fast growing world trade and a stabilisation of real commodity prices should create a more favourable environment for the developing countries.

He warned, however, that generally strong growth could disguise severe disparities between regions and countries: while east Asia would probably continue to fare well, even modest improvements in growth rates were still likely to leave more people in poverty in sub-Saharan Africa.

East Asia's growth over the next decade is likely to be less spectacular than in the past, because the region will encounter infrastructural bottlenecks and environmental constraints. Nevertheless, growth rates in the region are likely to average more than 7 per cent a year.

South Asia already improved its economic performance in the 1980s, and steady growth rates of around 5.3 per cent a year are projected for the next 10 years, while growth in Latin America and the Caribbean could accelerate to 3.4 per cent a year.

Sub-Saharan Africa has an opportunity for modest acceleration of growth rates to 3.9 per cent a year, especially if the continent's civil wars abate. Nevertheless, the World Bank concludes, "limited stock of capital equipment, infrastructure and human capital preclude any sharp improvement in living standards".

Mr Bruno said that much of the downside risk for the developing countries came from the possibility that the industrialised countries would falter in their efforts to tackle their budget deficits and to undertake supply side reforms, causing higher interest rates, lower growth and protectionist pressures.

Global Economic Prospects and the Developing Countries, 1994. World Bank. 1818 H Street NW, Washington DC 20433

GROWTH IN THE DEVELOPING WORLD
Real gross domestic product, annual % change

Developing region	74-90 trend	1991	1992	1993	1994-2003 Forecast	1994-2003 Low case
All developing countries	3.4	0.2	0.3	2.1	4.8	3.6
Sub-Saharan Africa	2.1	1.5	1.2	2.5	3.9	2.4
Middle East and North Africa	0.9	3.1	4.0	1.9	3.8	3.2
Europe and Central Asia (ECA)	3.1	-9.2	-12.7	-7.4	2.7	1.5
South Asia	5.0	2.0	4.6	3.8	5.3	4.2
East Asia	7.3	6.9	8.7	8.2	7.6	7.1
Latin America and Caribbean	2.5	3.4	2.8	3.5	3.4	0.8
Developing countries excl. ECA	3.5	3.9	4.9	4.9	5.2	4.0

Source: World Bank

NEWS: INTERNATIONAL

Seoul in US talks on North's N-facilities

By John Burton in Seoul

The US and South Korea will begin talks tomorrow in Seoul on efforts to renew negotiations with North Korea, concerning inspections of its nuclear facilities.

The discussions with South Korea over the weekend will involve Mr William Perry, US defence secretary, and Mr Robert Gallucci, a senior State Department official recently appointed to head a US policy group on Korea.

A key issue will be whether to drop a demand that North Korea must exchange special envoys with South Korea before the US agrees to hold another round of high-level talks with Pyongyang.

North Korea maintains the dispute can be solved through negotiations with the US on possible diplomatic recognition, in exchange for opening its nuclear sites to inspections by the International Atomic Energy Agency.

But its refusal to accept a special envoy from the South, who would discuss inter-Korean nuclear inspections, has blocked talks with the US.

Seoul believes inter-Korean talks must be held in parallel to US-North Korean negotiations, but there have been recent suggestions in Seoul that the demand may be abandoned temporarily to improve the chances for a diplomatic settlement.

The IAEA has warned it may declare North Korea in violation of nuclear safeguards in early May, if Pyongyang continues to refuse full nuclear inspections by the UN agency.

The IAEA is expected to seek new talks with North Korea next week on preparations for inspections, which were halted in mid-March.

The United Nations Security Council recently approved a statement urging North Korea to resume acceptance of inspections.

A second issue will be the schedule for the staging of the Team Spirit military exercise by the US in South Korea this year. Both countries regard Team Spirit as a diplomatic means to press North Korea into allowing inspections, but early resumption of the exercise might derail chances for renewed talks with Pyongyang.

North Korea has repeatedly condemned Team Spirit as a rehearsal for an attack on the country. The exercise is expected for the second half of the year if no progress is achieved on the nuclear dispute.

Mr Perry will also discuss the strengthening of US forces in South Korea against a possible surprise invasion by the North. Defence preparations would include deployment of US Patriot missiles to destroy North Korean Scud missiles and increased stockpiling of other military equipment.

Israeli boys at an Independence Day army weapons show play with a Galil assault rifle and a grenade launcher yesterday. The show was held at the Jewish settlement of Kiryat Arba near Hebron in the West Bank to mark 46 years of the state of Israel AP

HK press shocked at Beijing jailing

Simon Holberton on reaction to a 12-year sentence for printing 'secrets'

Editors and journalists in Hong Kong have always known that the colony's reversion to Chinese sovereignty in 1997 posed special problems for the maintenance of a free press.

But the 12-year jail term meted out two weeks ago to Mr Xi Yang, a mainland-born reporter for Ming Pao Daily News, a leading Hong Kong quality daily, has cast a long shadow over the media in the colony, shocking even those who believe the Chinese takeover in 1997 will be relatively benign.

Over the past few years proprietors have faced the implicit threat from mainland-funded companies that advertising will be withdrawn if their editors overstep the mark. For their part, journalists are frequently called into the New China news agency, Beijing's unofficial embassy in Hong Kong, to account for their stories.

Self-censorship is a growing problem, with newspapers finding it easier to ignore issues - such as the growing role of the People's Liberation Army in business in Hong Kong, or the business connections of senior Beijing officials in the colony - than to run the risk of offending Hong Kong's future ruler.

Now journalists and academic lawyers openly express doubts that the guarantee of press freedom - promised in the Basic Law, China's mini-constitution for Hong Kong - will be robust enough to withstand the Chinese Communist party's distrust of critical media. To some there is an unreconcilable contradiction at the heart of "one country, two systems", China's formula for ruling Hong Kong.

Yesterday Mr Nihal Jayawickrama, of Hong Kong University's law department, told a media conference in the colony: "It seems to me that Beijing would find itself not only in a wholly untenable position, but also pursuing an unattainable goal if it were to attempt to permit a small number of its citizens to conspicuously enjoy a high degree of freedom so vehemently denied to others" in China.

Others are less gloomy, though no less concerned. There is pressure building on the Hong Kong government from local legislators to enact a freedom of information law, and to do more to promote human rights in the colony. Earlier this week a British House of Commons select committee threw its weight behind the establishment of a human rights commission, underpinned by an equal opportunities law, recommending that one be set up before British administration ends.

Mr Xi was arrested in Beijing on September 27 last year for allegedly stealing state secrets. Under pressure from public opinion in Hong Kong, Beijing has released some details of the charges against him and the judgment of Beijing's Intermediate Court.

It appears that Mr Xi was responsible for a Ming Pao report last summer which said the government planned to sell gold on the international bullion market to help fund intervention to support the yuan. The report also speculated about interest rates.

In the six months since his detention the Chinese authorities have allowed Mr Xi only one visitor - his father, once, for one hour. Beijing has rebuffed all Ming Pao's attempts to provide him with legal representation or find out the precise details of his alleged offences.

Ming Pao feels especially affronted by his sentence. Its owners were given to understand that if the newspaper kept a low profile and offered an apology for Mr Xi's behaviour, which they did, then the Beijing court would exercise leniency. "Six months of self-restraint and he got 12 years," said Ms Daisy Li, chair of the Hong Kong Journalists Association and a senior Ming Pao staffer.

Another aspect of Mr Xi's case which has disturbed many is the prison term given to his apparent informant at the People's Bank, China's central bank. Tian Ye (whose sex is unknown) was sentenced to 15 years in prison.

The effect of the Xi case is already being felt among Hong Kong's journalists. It led to the resignation of a number of Chinese journalists from newspapers in the colony. One, who covered China's austerity programme last summer, resigned out of fear for his own safety earlier this week.

"His sentencing has had an immediate effect," says Ms Li. "Those who cover China have become more cautious. They are worried for their personal safety and for the safety of their contacts in China."

She also noted that China has not observed its own judicial procedures in the Xi case. Chinese criminal law states that even where a case has been tried in secret the judge's verdict has to be publicised. In Mr Xi's case this has not happened, Ms Li said.

Mr Xi has been allowed to appeal against his sentence but Ms Li said she was pessimistic about his chances of having the verdict overturned.

At yesterday's media conference Mr Tsang Tak-sing, editor of the Beijing-controlled Ta Kung Pao, lashed out at critics of China's legal system. Mr Tsang, who is also a delegate to China's National People's Congress, said Hong Kong standards could not be applied across the border. After 1997, he said, he was confident the two legal systems could co-exist as promised in the Basic Law; those who doubted that might as well make their preparations to leave Hong Kong now.

"The verdict handed down in Beijing will in no way affect things in Hong Kong," he said. "The only impact will be on the coverage of news from the mainland; we should have been aware from the start that that was another ballgame."

If Mr Tsang is right about the constraint on Hong Kong's media to report about affairs on the mainland then the colony will lose one of its unique qualities: its position as a window on China.

Lebanese detain Iraqis over killing

By James Whittington in Amman

Two Iraqi diplomats are being held by the Lebanese authorities on suspicion of assassinating a prominent opponent of President Saddam Hussein in Beirut on Tuesday. The dissident, Mr Taleb as-Suheil, is said to have played a prominent role in a planned coup attempt in Baghdad last July.

The diplomats were named as Mr Khaled Khalaf, commercial attaché, and Mr Mohammed Kadhem, cultural attaché. Beirut has asked Baghdad to lift their diplomatic immunity so that they may face trial. A third man, Mr Hadi Hassan, is believed to have taken refugee inside the Iraqi embassy, which has been surrounded by police.

The Lebanese government has said that all three are held to be Iraqi intelligence agents. But Baghdad has denied any involvement and called for their immediate release.

The killing comes amid growing signs that the security situation in Beirut is deteriorating. A Jordanian diplomat was gunned down earlier this year and two Palestinians belonging to Abu Nidal's notorious terrorist organisation were arrested and charged with the killing. In February a bomb went off in a church near Beirut, killing 11 worshippers. The Lebanese Forces, a right-wing Christian group which was formerly allied to Israel during the country's civil war, was subsequently banned and four of its supporters charged with the bombing.

The recent spate of killings is likely to mar the government's reconstruction efforts and hinder plans to raise finance on the Euromarkets. Security in and around the city has been stepped up and both Lebanese and Syrian soldiers are again patrolling the streets.

Mr Faris Bouez, Lebanon's foreign minister, said yesterday that it was too early to say whether Beirut would cut diplomatic ties with Iraq over the killing but that "Lebanon cannot be taken advantage of, not under the diplomatic cover or diplomatic immunity, to settle scores and to practise crime".

Australian businessman remanded

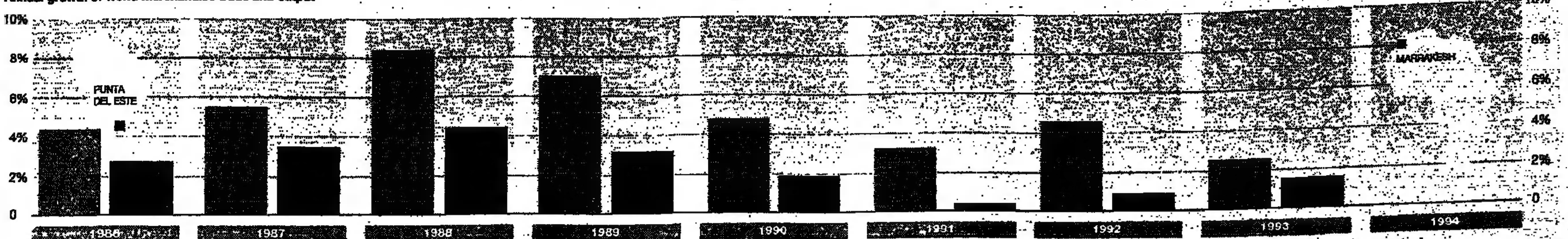
Mr John Elliott, the Australian businessman, and six former associates who are facing charges in connection with an allegedly fraudulent A$66m (£32.5m) foreign exchange deal, were yesterday remanded on bail to appear in Melbourne Magistrates Court on August 1, when committal proceedings are expected to begin, Nikki Tait reports from Sydney.

The National Crime Authority's case against the seven men was essentially straightforward, lawyers told a Melbourne court yesterday, but would involve 24 volumes of documentary evidence and 90 witnesses. The committal hearing, they warned, could take three months.

NEWS: WORLD TRADE

The circuitous route from Punta del Este to Marrakesh

Annual growth of world merchandise trade and output



1986 — **Punta del Este** Uruguay Round launched. US, despite objections by developing countries, gets services, intellectual property and foreign investment restrictions on to agenda. EC reluctantly agrees to inclusion of agriculture.

1987 — **Worldwide** Negotiations begin in 15 subject areas. US puts forward plan to scrap all farm subsidies within 10 years. EC reacts with incredulity.

1988 — **Montreal** Mid-term review. Agricultural discord prevents agreement on intellectual property, emergency import protection and textiles. Negotiating framework for services and improved disputes settlement agreed.

1989 — **Geneva** US backs down on farm subsidies, with final agreement referring only to 'substantial progressive reductions' in trade-distorting farm supports.

1990 — **Geneva, Houston, Brussels** US blocks preference for 'formula' which would force bigger cuts in high tariffs. G7 pledges to complete Round by year-end, a pledge repeated in next three years, stretching G7 credibility. Discussions continue to founder over agriculture.

1991 — **Washington, Geneva, Brussels** President Bush gets Congress to approve two-year extension of 'fast-track' negotiating authority. Gatt Director-General Dunkel produces 'draft final act'. France denounces agricultural text. EC demands 'substantial' improvements.

1992 — **Brussels, Washington** EC agrees to reform Common Agriculture Policy. US agrees with EC terms for reducing EC subsidised farm exports. 'Blair House accord' paves way for resumption of overall negotiations.

1993 — **Washington, Geneva, Tokyo** Congress gives President Clinton 'fast-track' authority but sets deadline for final draft. G7 agrees tariff-cutting package. Country-by-country bargaining leads to agreement to submit final package to all governments.

1994 — **Marrakesh** After countries submit tariff schedules and the US and developing countries settle remaining disputes, ministers from about 120 countries sign the Final Act to replace the Gatt with the new WTO in 1995.

US farm interests fire warning shot

By Nancy Dunne in Washington

GATT

Lobbyists for US agriculture interests have warned President Bill Clinton that the administration must drop proposals to lower farm spending or they will withdraw their support for congressional passage of the Uruguay Round implementing legislation. Twenty-one groups, which expressed their displeasure in a letter to the president, have been among the strongest supporters of the Round. They include the American Farm Bureau, the American Meat Institute, the National Association of Wheat Growers, and the National Pork Producers Council.

Their threatened opposition is the latest in a series of difficulties confronting the administration in its struggle to have the legislation approved this year. The biggest obstacle lies in finding an estimated $13bn over the next five years to compensate for the loss of tariff revenue in the US budget.

It is proposals to raise the billions through cuts in agriculture programmes which have the farm groups up in arms. They had been assured that the final Gatt deal would not require further reductions beyond those have already made in domestic income and price-support programmes.

They are urging the president to shift current funding from programmes either reduced or not allowed by the Gatt to those which are allowed, such as market promotion, export credit and food aid schemes. "Unless these concerns are addressed, it is hard to envision how US agriculture stands to gain as a result of the new Gatt agreement," they said.

Large exporters, such as IBM and Caterpillar, are also worried about the implementing legislation. They say proposals by the labour/industry coalition Licit will undermine the spirit of dumping law improvements negotiated in Geneva.

US companies are already being hit with the largest number of dumping cases worldwide, according to Mr Thomas Gann of Sun Microsystems. He and other exporters say they do not want the dumping laws eviscerated.

"But what is going to happen if other countries further copy our dumping rules?" he said. "This scares computer companies, because we have to go internationally to compete."

Licit is just as worried that the pact will dilute US trade laws. "In virtually every area, current US law provides domestic industry with greater remedies against injurious unfair trade than will exist under the new Uruguay Round regime," it said recently.

Labour groups see the failure of Gatt members to agree to a standing committee on labour rules as confirmation that the global trade body agrees rules purely for the benefit of the giant multinationals.

At a public hearing on international child labour this week, 112 Nobel laureates announced plans to publicise the issue in the US, the European Union and international organisations, including Gatt, to find effective approaches to curb child labour and other forms of child exploitation.

Gatt director-general Peter Sutherland welcomes Mr Tsutomu Hata, Japan's foreign minister, to the conference yesterday AP

EU impatience over US-Japan trade row

Sir Leon Brittan talks to Guy de Jonquières

Sir Leon Brittan, the European trade commissioner, warned yesterday that he would not wait much longer for the US to show whether it was ready to pursue his proposal to involve the EU in its talks with Tokyo on reducing the Japanese trade surplus.

He said in an interview that he would decide in the next few weeks whether the trilateral proposal had any future. That would depend partly on whether the Clinton administration met EU requests to clarify the fundamental objectives of its trade policy towards Japan.

He also said that Mr Mickey Kantor, US trade representative, had assured him this week for the first time that Washington accepted that the Uruguay Round world trade deal would substantially reduce US scope to impose unilateral sanctions on other countries under its Super-301 trade provisions.

Sir Leon called the assurance "of very great significance". However, he said that US insistence that it could still legally use Super-301 in some circumstances was "objectionable and unfortunate".

He was speaking ahead of meetings at this week's ministerial conference of the General Agreement on Tariffs and Trade between Mr Tsutomu Hata, Japan's foreign minister, Mr Kantor and US Vice-President Al Gore. Mr Kantor had not told him what issues he planned to raise with Mr Hata.

Sir Leon, who first suggested a trilateral initiative to tackle Japan's trade surplus earlier this year, said he wanted to resolve the matter quickly because his personal credibility was at stake. "I do not see that there is any useful purpose served by keeping it up in the air," he said.

He expressed impatience at the US failure to explain clearly what it wanted from Japan. Mr Kantor had promised – but failed – to give Brussels US papers prepared for the abortive meeting in February between President Bill Clinton and Mr Morihiro Hosokawa, then Japan's prime minister. The EU planned another effort to discover US intentions soon.

If the trilateral proposal proved unworkable, the EU would feel free to criticise the US publicly on issues such as attempts to set targets for a cut in Japan's bilateral surplus in specific sectors. Sir Leon said such targets were "very dangerous" and threatened EU interests.

Sir Leon also cast doubt on the prospects for an EU agreeing with the US to free trade in telecommunications equipment. The two sides plan further talks after failing to conclude a deal as part of a package of bilateral measures to liberalise public procurement agreed on Wednesday.

He said he was "not really focusing" on telecommunications markets, which were mainly of interest to the US. "I regarded the whole telecommunications issue as an obstacle rather than an opportunity [in the public procurement talks]," he said.

However, he said the procurement deal – which he had not previously thought possible – showed that the two sides could settle bilateral disputes.

Cairns Group to stay in business

By Frances Williams in Marrakesh

The Cairns Group of farm product exporters is to stay in being, to continue the push for agricultural trade reform, Mr Bob McMullan, Australia's trade minister, announced in Marrakesh yesterday

The 14-strong group, chaired by Australia, was set up just before the Uruguay Round of global trade talks began in 1986 in order to lobby for reductions in trade-distorting farm subsidies.

Its other members are New Zealand, Canada, Brazil, Chile, Argentina, Thailand, Uruguay, Colombia, Indonesia, Malaysia, Fiji, Hungary and the Philippines.

The Uruguay Round deal involves cuts of a third in agricultural export subsidies and a fifth in domestic farm supports over six years. Further negotiations are planned before that period is up to reduce subsidies further.

Separately, US and Canadian ministers failed to resolve a dispute over Canadian wheat exports to the US. Negotiators said the talks would resume late last night or today in an attempt to reach agreement before an April 22 deadline for US sanctions.

Rivals for Geneva as WTO site

MARRAKESH DIARY

By Guy de Jonquières

Among the unresolved issues at this week's meeting is the delicate question of the location of the headquarters of the new World Trade Organisation, the larger and grander body which will succeed the General Agreement on Tariffs and Trade next year.

It had been widely thought until recently that the WTO would be sited in Geneva, home of the Gatt secretariat.

Indeed, Gatt has already begun preparing for its metamorphosis by opening negotiations to take over the remainder of its lakeside headquarters building after it is vacated by the UN High Commissioner for Refugees later this year.

However, there could yet be a surprise. The question of the site was raised this week at a meeting of ministers from the "Quad" powers – the US, the European Union, Japan and Canada – and rumours are circulating that Stockholm is ready to offer itself as an alternative candidate.

It all looks like an elaborate game of bluff. Says a senior official who attended the Quad talks: "We'd like to go to Geneva, but it's a question of bargaining the terms with the Swiss. We are trying to tell them that if they're going to be unreasonable, then we'll go somewhere else."

Yesterday, Mr Günter Rexrodt, German economics minister, stirred the pot further by announcing that, as soon as he got home, he would ask his cabinet colleagues to propose Bonn as the headquarters.

No doubt Switzerland will get the message. After all, no self-respecting country would want to be accused of gouging rent out of an organisation, a third of whose members are classified as the world's poorest countries.

□ □ □ □

No such sense of frugality prevails in Marrakesh, where representatives of several developing countries are among the guests at the magnificent Hotel Mammounia. A favourite holiday haunt of Winston Churchill, who painted in its gardens, the Mammounia's main rooms are an eye-catching exercise in 1920s Islamic art deco.

The accommodation is no less exotic. Sir Leon Brittan's suite, for instance, is an Arabian Nights fantasy of mirrors and mosaic. The overall effect is of an oriental courtesan's boudoir. It is rather spoiled, however, by a chiming doorbell which would seem more at home in suburban Esher. "I think it's ghastly," said Brittan, grimacing as the chimes announced the arrival of another delegation at his door.

□ □ □ □

Speaking of boudoirs, first prize for journalistic enterprise – and the week's most intriguing story – goes to Reuters. One of its intrepid correspondents bearded Mr Tsutomu Hata, Japan's foreign minister, at his hotel yesterday and reported that he had just breakfasted with his former masseuse, now employed by Morocco's royal household.

What can this mean? And what will it do for Mr Hata's prospects of becoming his country's next prime minister when the news gets back to Japan? I think we should be told. . . .

Asea Brown Boveri wins $1bn Malaysia power deal

By Andrew Baxter

Asea Brown Boveri, Europe's largest electrical engineering group, has won a $1bn contract to build a turnkey 1300MW combined-cycle power plant at Lumut in the Malaysian province of Perak.

The contract is believed to be the largest awarded to power suppliers worldwide in recent months, and underlines the importance of the fast-growing Malaysian market for power equipment, due to the country's strong economic performance.

It comes six weeks after Malaysia imposed a ban on UK companies bidding for public contracts in protest at reports in the UK media of corruption. The ban was a blow to UK power equipment suppliers and contractors such as Rolls-Royce and John Brown, although contractors have been hoping they could still win orders from private customers.

The Lumut order was placed by Sikap Energy Ventures, a Malaysian independent power producer. There were no rival UK bidders to ABB.

The gas-fired plant will be Malaysia's largest combined-cycle power station, and ABB said it would supply about 11 per cent of the country's electricity needs.

Construction will begin immediately and the first stage of the project is due to be operating by July 1996, with the rest ready by July 1997.

The station will be equipped with six ABB gas turbines, two steam turbines and eight associated electrical generators. It will incorporate ABB's low-NOx burners to produce high fuel efficiency with low emissions.

Earlier this week, Westinghouse Electric of the US announced a contract worth more than $100m from Korea Electric Power for power generation equipment at a 300MW power plant to be built at Ilsan, South Korea.

Digital VCR standards agreed

Fifty American, European and Asian companies agreed yesterday on technical standards for home digital video cassette recorders, which provide better picture quality and cleaner copies of tapes, AP reports from Tokyo.

The agreement means average consumers could be able to buy a digital VCR as soon as early next year, industry officials said.

A conference in Tokyo that included the leading Japanese makers announced standards for VCRs used with conventional televisions and for those used with Japan's high-definition TV system, called Hi-Vision.

Jungheinrich buys Steinbock Boss

By Andrew Baxter

Jungheinrich, the lift truck producer based in Hamburg, last night emerged as the leading contender to buy the UK operations of its rival Lancer Boss after clinching a deal to buy Steinbock Boss, the British company's German unit.

The purchase, a day earlier than expected, comes less than a week after Steinbock Boss' German banking group, led by Bayerische Hypo-Bank, withdrew facilities from the company, prompting directors to call in a receiver.

This, in turn, forced Lancer Boss to call in administrative receivers to its UK operations based in Bedfordhsire, north of London.

Last night Sir Neville Bowman-Shaw, chairman of Lancer Boss before the receivership, said Jungheinrich' purchase of Steinbock Boss put it in "pole position" to buy Lancer Boss' UK operations.

"I am glad that the anxiety has been taken away for the workers at Steinbock," he said. "I hope there is a speedy conclusion on this side now."

The deal means that a bid from a UK company, that was conditional on buying both the UK and German parts of the collapsed group, has now lapsed.

Mr Allan Griffiths, partner at Grant Thornton and one of the administrative receivers for the UK operations, said that "given the new situation, and the close synergy between the different ranges produced by Lancer Boss and Steinbock Boss, we will be looking forward to discussions with the directors of Jungheinrich on future co-operation between the two companies."

Throughout this week Mr Griffiths has been trying to win the co-operation of the German receiver, Mr Werner Folger, because he believed that the group was worth more if the UK and German units were sold together.

But there has been some frustration in the UK at the speed of events in Germany. The German banks have been keen to see Steinbock Boss sold to Jungheinrich as quickly as possible.

There has been considerable interest in Lancer Boss from potential bidders, but very few actual bids because would-be buyers have been given so little time.

Speaking before the purchase of Steinbock Boss was known, Mr Griffiths said the case differed from other British receiverships where a short list could be drawn up of buyers, who would have time to conduct their own "due diligence" examinations.

Terms for the purchase of Steinbock Boss were not disclosed. But Jungheinrich said the "rapid and unbureaucratic" sale of the company was necessary to overcome uncertainty among dealers and customers ahead of next week's important Hannover Fair.

It said a quick deal was possible because the German banking group had made a "concrete financial contribution" to secure Steinbock' plant at Moosburg and the workers' jobs. It employs about 800 people.

Mr Klaus Schenk, managing director of Manchester-based Jungheinrich (GB), said the takeover of Steinbock Boss would put it on a healthy financial basis. There was some overlap on product ranges, but in most cases they complemented each other well.

He added that talks with Grant Thornton, on a possible purchase of the UK operations, would continue.

Tories face warning on tax

By Philip Stephens, Political Editor

The Treasury has fired the first shots in this year's public spending battle with a warning there will be no room for tax cuts before the general election unless ministers rein back a threatened overshoot in budgets.

The cabinet's EDX spending committee was reconvened this week by Mr Kenneth Clarke, the chancellor of the exchequer, to be told that recent spending trends are already jeopardising the targets.

Mr Michael Portillo, the chief secretary, meanwhile has told cabinet colleagues to provide detailed analyses of the impact on their programmes of reductions in their cash budgets of 2.5 per cent and 5 per cent.

Amid alarm in Whitehall over an apparent failure to curb the growth in social security spending, senior ministers believe existing targets will only be met through a further clampdown on public sector pay.

But some spending departments are treating the Treasury's warning as a predictable pre-emptive strike ahead of figures next week which are expected to show that public borrowing substantially undershot £50bn predicted for last year. Mr Clarke is determined that lower-than-expected borrowing should not provide an excuse for a relaxation of spending controls. The Treasury is also concerned that Mr John Major's precarious political position has led the prime minister to come down on the side of the spending departments in recent battles over new commitments.

But Mr Portillo's fundamental review of underlying spending trends is in turn coming under fire for failing to deliver the large medium-term savings he promised last year.

Mr Clarke reconvened the EDX cabinet committee several weeks earlier than expected in an effort to push through quickly endorsement by the full cabinet of another tough spending round.

Exports to EU cut trade gap

By Graham Bowley

Britain's trade gap narrowed sharply in January, due to a fall in imports and a surge in exports to the European Union, official figures issued yesterday show.

The Central Statistical Office said the UK's visible deficit narrowed to a seasonally adjusted £916m in January, from £1.57bn in December. Commentators were expecting a deficit of £1.31bn.

Britain had its best trade performance with the EU since August 1993, reporting a deficit of £128m compared with £903m in December.

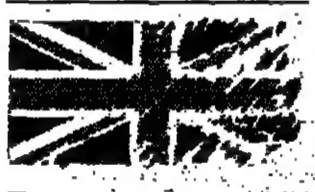
Exports increased to £10.42bn in January, from £9.96bn in December. Imports fell to £11.33bn in January, compared with £11.53bn in December. However, in the three months to January, a more reliable indicator of the trend, total exports fell by 3 per cent compared with the previous three months and the balance widened.

Mr Simon Briscoe, UK economist at SG Warburg Securities, said: "Although this sharp correction in January provides some good news and considerable relief after the bad news in previous months, the trend is still worrying."

The Central Statistical Office's figures suggest that one reason for the UK's poor long-term export performance is that manufacturers are continuing to protect their export margins by raising their prices.

The head of the smallest political party in the Commons was yesterday elected chairman of the new Northern Ireland select committee. Sir James Kilfedder, leader and only MP of the Ulster Popular Unionist party, is a committed devolutionist, and is anxious for the committee to be seen as a step towards a new Ulster assembly. The committee has 13 members - six of them from the ruling Conservative party. Sir James has the casting vote. It was set up in response to pressure from unionist MPs.

Britain in brief



Tory party truce plan on ERM

The government yesterday set out the terms for a truce between the Conservative party's pro-Europeans and its Euro-sceptics on Britain's attitude to the European exchange rate mechanism.

In a series of carefully crafted phases approved by the prime minister, foreign secretary and chancellor of the exchequer, it declared that Britain would not consider re-entry to the ERM in the foreseeable future.

But the formulation, published in a policy document setting out the Conservatives approach to European economic policy in June's elections to the European parliament, left open the door for a change of heart after the next general election.

Brussels warns on bird habitat

Work on the Cardiff Bay barrage on the coast of South Wales must not start until assurances are given that more will be done to compensate for the loss of bird habitat, the European commission has told the UK government.

The 1.1km barrage, approved by parliament last November, will replace tidal mudflats with a 500-acre freshwater lake intended to stimulate commercial development around the Welsh capital's waterfront.

The bird species most affected will be dunlin and redshank, which are in declining numbers in Britain.

BA intensifies air fare war

British Airways intensified the air fares war it sparked three weeks ago by launching a second package of bargain fares covering virtually its entire UK domestic and European networks.

The fare cuts of up to a half will involve more than 200 routes and will be available from today until May 6 for travel up to the end of June.

Fares on BA's domestic trunk routes are being cut by a quarter with return flights between London and Aberdeen, Belfast, Edinburgh, Galsgow, Inverness, Jersey, Newquay , Newcastle and Plymouth costing £70. Return fares between London and Manchester and on a number of internal Scottish routes have been cut to £50.

Old coal mines polluting rivers

At least 200km of rivers in England and Wales are polluted by leaks from abandoned coal mines, the National Rivers Authority, the water quality watchdog, said.

Uncertainty over liability for this pollution needs to be settled before the privatisation of British Coal takes place, according to Lord Crickhowell, the National Rivers Authority chairman.

A decade ago British Coal had 170 mines, but it now operates only 17. In the past year it has stopped mining at over 30 pits. However it has continued pumping out water at some pits to prevent them filling up and leaking acidic and coloured liquid into rivers and water tables.

Regulatory reform opposed

Sir Bryan Carsberg, director-general of fair trading, has come out strongly against overhauling the system of utility regulation, warning of the "private agendas" of those calling for change.

Sir Bryan advised the government to be "cautious" about change: "Although not perfect, the achievements of the current system have been substantial." In addition to the prospect of private agendas coming to the fore, Sir Bryan warned of the danger that reform would politicise the regulatory process.

"The great strength of the present system is the removal of politicians from the regime, [whose involvement] had pretty disastrous consequences in past," he said, referring to the detailed involvement of ministers in the management of the utilities when they were nationalised.

DTI to sell off laboratories

The Department of Trade and Industry announced it would be privatising two of its core research laboratories and placing a third under private management next year.

Mr Michael Heseltine, trade and industry secretary, said in a written answer to parliament that a review carried out with KPMG Peat Marwick had concluded that the laboratories would have greater flexibility if they were operating within the private sector.

هكذا من الاصل

EU court gives job code broad remit

By Robert Rice,
Legal Correspondent

The contracting-out of services performed by just one employee is covered by European Union employment protection rules, the European Court of [redacted] ruled yesterday.

The Luxembourg [redacted] ruling that the European Acquired Rights Directive can apply to [redacted] contracting-out of cleaning [redacted] performed by [redacted] employee, has significant implications for the UK [redacted]ernment's policy on the [redacted]tracting-out of public-sector [redacted].

The directive, which [redacted] translated [redacted] UK [redacted] by [redacted] Transfer of Undertakings (Protection [redacted] Employment) Regulations [redacted], known by [redacted] [redacted] Tupe, protects [redacted] [redacted] and conditions of employ[redacted] [redacted] the undertaking they work for changes hands.

Confusion [redacted] whether Tupe [redacted] [redacted] contracting-out [redacted] cast doubt [redacted] [redacted] government's compulsory competitive tendering and market-testing programmes.

Employment lawyers said yesterday the Court's confirmation [redacted] the directive was capable of [redacted] [redacted] application [redacted] be a [redacted] disappointment to contractors and the UK government which had intervened in [redacted] case, which involved [redacted] German bank, [redacted] [redacted] [redacted] it did [redacted] apply.

[redacted] Melanie Tether, a partner of City solicitors [redacted], said the Court appeared [redacted] [redacted] pushed the frontiers of the directive [redacted] forward by ruling that all that [redacted] needed for it [redacted] apply was that the contractor [redacted] carrying out [redacted] same type of work as [redacted] performed [redacted] the transfer.

The [redacted] rejected [redacted] argument [redacted] by the UK [redacted] [redacted] governments that for [redacted] directive [redacted] apply [redacted] to [redacted] of [redacted].

[redacted] Luxembourg Court's approach [redacted] in [redacted] con[redacted] [redacted] [redacted] position [redacted] recently by [redacted] English Employment Appeal Tribunal, she said.

Last August the EAT ruled that Tupe did not apply when the contract for cleaning [redacted] Hospital in Essex, east of London, came to an end [redacted] [redacted] contract [redacted] awarded [redacted] [redacted] different contractor.

The tribunal said something more [redacted] required [redacted] constitute a transfer than simply [redacted] the [redacted] activity [redacted] being carried [redacted] [redacted] the same place.

The appeal in [redacted] [redacted] Hospital [redacted] is due [redacted] be heard by [redacted] Court [redacted] Appeal at the end [redacted] this month.

[redacted] European Union social policy should concentrate on disseminating [redacted] practice across the EU "rather than choking [redacted] job creation and hindering EU competitiveness", accord[redacted] to [redacted] UK government's formal [redacted] [redacted] [redacted] European Commission's [redacted] [redacted] on [redacted] policy. The paper, published last year, should not form the basis of a new round of [redacted] legislation, [redacted] [redacted] UK [redacted].

Mr Dickon Robinson, pictured right, of Britain's Peabody Trust housing [redacted] founded in 1862, shows Mr Willem van der [redacted] [redacted] Patrimonium, the Dutch [redacted] association which [redacted] 26,000 properties, around the Camberwell [redacted] [redacted] in south London. The group [redacted] [redacted] Project for young [redacted] and [redacted] possible joint [redacted] in London.

Tougher code on discount air tickets

By Paul Betts,
Aerospace Correspondent

The Civil Aviation Authority yesterday announced tougher rules for travel [redacted] selling discounted scheduled airline [redacted] and cheap [redacted] holidays to provide greater protection for consumers should the agent or tour operator fail.

Under the new guidelines, the [redacted] will prosecute cheap ticket consolidators and agents who [redacted] discounted [redacted] without an Air Travel Organisers' Licence (Atol).

Discounted scheduled air [redacted] [redacted] usually [redacted] by [redacted]solidators who sell them directly to consumers [redacted] through sub-agents.

The new CAA guidelines [redacted] [redacted] [redacted] airlines [redacted] authorised agents [redacted] take money on their behalf [redacted] pro[redacted] customers with a flight [redacted] [redacted] refund [redacted] an agent fails [redacted] the ticket [redacted] issued. [redacted] sale must be covered by an Atol. "From our discussions with [redacted] we believe very [redacted] airlines have [redacted] comprehensive agency agreement with their consolidators," [redacted] [redacted] Helen Simpson, [redacted] CAA's [redacted] [redacted] [redacted] [redacted] finance.

"From now on [redacted] will assume [redacted] [redacted] [redacted] [redacted] hold [redacted] Atol [redacted] [redacted] [redacted] [redacted] to [redacted] public unless [redacted] can prove otherwise," [redacted] [redacted]. The Atol scheme, introduced in 1973, protects travellers from losing their money or being stranded abroad if their tour operator fails. Tour operators holding an Atol are examined every year by the CAA to ensure they are properly managed and financially sound.

[redacted] receiving [redacted] licence, the [redacted] operator also [redacted] [redacted] lodge a [redacted] or financial guarantee. The [redacted] uses [redacted] bond money to refund consumers [redacted] pay for people [redacted] continue their holiday and travel home as planned should the operator [redacted] [redacted].

The CAA said that 128,000 consumers received [redacted] during the year ended March 1993 following the failure of their tour operators.

Published minutes reveal tussle over monetary policy

UK strips back another layer of secrecy surrounding economic management, report Peter Norman [redacted] Philip Coggan

The decision of Mr Kenneth Clarke, chancellor [redacted] the exchequer, to publish [redacted] [redacted] [redacted] [redacted] monthly meetings with Mr Eddie George, governor of the Bank of England, removes another layer of secrecy from British monetary policy.

The move marks a further step towards greater openness and brings the UK broadly into line with US practice. It also revealed differences of opinion in recent months over interest rate cuts and the health of economic recovery.

For institutions which have prided themselves on secrecy throughout their history, the record of the meetings between the Treasury and the Bank of England are remarkable for their candour.

The minutes of the February meeting, in particular, clearly show the extent of the disagreement between the chancellor of the exchequer and Mr George. The governor opened discussions in February by arguing that economic evidence published since the January meeting had "weakened rather than strengthened the case for an immediate rate cut". He said the most likely projection was that economic growth would pick up "to perhaps 3 per cent" and it would be safer to wait for more evidence of the effects of the tax increases before acting.

"To cut rates now in advance of this evidence would run a risk of higher inflation and some loss of credibility," and the governor "strongly advised against" a cut. The chancel[redacted] said that [redacted] was erring excessively on the side of caution". He said he had been "more inclined to cut interest rates last month, and in his view the case for a cut had become stronger since then".

"With a significant fiscal tightening in prospect and considerable spare capacity in the economy," Mr Clarke said he "saw little risk of an increase in inflation". The minutes record that "he was inclined to take the opportunity to cut rates from their present relatively high levels".

A summary of their discussion made the point that "there was a danger that an interest rate cut now would be interpreted as being influenced by political considerations". That is exactly what did happen, as the eventual cut coincided with newspaper headlines about the death of Tory MP Mr Stephen Milligan.

Nevertheless, the governor [redacted] [redacted], on [redacted] second [redacted] of [redacted] meeting, [redacted] a quarter [redacted] [redacted] percentage point, rather [redacted] [redacted] [redacted] point cut, although [redacted] minutes record his parting [redacted] [redacted] "his [redacted] stemmed from experience [redacted] [redacted] would [redacted] difficult [redacted] restrain inflation [redacted] it [redacted] [redacted] rise".

However, Mr Clarke did get [redacted] [redacted] in the end which [redacted] that, in spite [redacted] [redacted] [redacted] pretensions towards independence, [redacted] Treasury [redacted] still firmly [redacted] charge of monetary policy.

What the minutes of the last three meetings also show is that [redacted] governor has been [redacted] [redacted] more optimistic about the UK's growth [redacted] than has the chancel[redacted] [redacted] the February [redacted] for example, while the [redacted] nor [redacted] of possible [redacted] [redacted] [redacted] GDP growth, ahead [redacted] [redacted] official forecast, the chancellor spoke [redacted] "a significant risk [redacted] [redacted] fiscal [redacted] would [redacted] down [redacted] recovery".

Mr [redacted] [redacted] in [redacted] monthly meetings [redacted] [redacted] upbeat [redacted] [redacted] more public [redacted] on [redacted] [redacted]. In March, [redacted] [redacted] [redacted] "anecdotal [redacted] did not suggest [redacted] activity [redacted] growing strongly." In February, referring [redacted] [redacted] fall in unemployment, for example, he said that "much of the employment created so far had been in part-time jobs".

On top of the February disagreement, there were also signs of a difference in views in the January meeting.

The chancellor then said that "the objective case for a further ½ per cent cut in rates was quite strong" but the governor argued that "the risk associated [redacted] cutting inter[redacted] [redacted] now was greater [redacted] the risk associated with waiting". On that occasion, the chancellor agreed [redacted] [redacted] nothing.

A greater measure [redacted] [redacted]nimity [redacted] achieved [redacted] [redacted] March meeting, [redacted] minutes [redacted] which reveal [redacted] [redacted] is, as yet, [redacted] [redacted] of [redacted] intention to [redacted] [redacted] [redacted], as was feared by [redacted] commentators in the City [redacted] London.

The chancellor said in March [redacted] "it would [redacted] appropriate [redacted] consider [redacted] further reduction [redacted] [redacted] [redacted] if [redacted] subsequently suggested [redacted] [redacted] [redacted] subdued and infla[redacted] pressures remained under firm control".

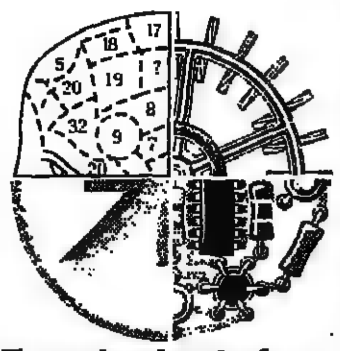
[redacted] governor [redacted] "there would be [redacted] case for [redacted] further [redacted] of [redacted] [redacted] [redacted] the [redacted] suggested that [redacted]ity [redacted] slowing", although he concluded [redacted] "at [redacted] [redacted] [redacted] [redacted] insufficient evidence [redacted] warrant a cut".

A further meeting [redacted] [redacted] pair was [redacted] on March [redacted] and minutes will not [redacted] published until May 18.

The chancellor's [redacted] [redacted] in publishing yesterday [redacted] minutes [redacted] [redacted] monthly meetings with [redacted] governor of the Bank [redacted] England [redacted] [redacted] promote accountability and transparency [redacted] in [redacted] operation [redacted] monetary policy.

Transparency [redacted] certainly been achieved, but the [redacted] may yet be high. Financial markets rarely like [redacted] see open disagreement between government policy-makers and there may come a time [redacted] the published [redacted] [redacted] to a [redacted] and unfavourable, market [redacted].

Worth Watching · Della Bradshaw



Two checkouts for the price of one

Supermarkets which want [redacted] speed up the movement [redacted] through the [redacted] and cut [redacted] into the bargain, [redacted] being offered an automatic scanning system which enables one operator [redacted] serve two [redacted] simultaneously without an increase in shoplifting.

[redacted] systems, developed by Potrafke, of Hattingen, Germany, [redacted] parallel conveyor [redacted] with a [redacted] seated in between. The customer places the goods on [redacted] belt and they [redacted] through [redacted] perspex covered tunnel where they are scanned. [redacted] carousel, synchronised to the conveyor, then carries [redacted] goods [redacted] the shopper can pack [redacted] while [redacted] using the conveyor.

Potrafke: Germany, 332431003; UK, [redacted]

Let's drink to plastic shoes

The ubiquitous plastic fizzy drinks bottle [redacted] been given [redacted] latest casual shoes.

[redacted] of America's biggest [redacted] makers, [redacted] of Portland, Maine, has recycled the [redacted] into polyester [redacted] which [redacted] then woven into the fabric for men's [redacted] ladies' shoes. The [redacted] are ground down into crystals, [redacted] into a flax [redacted] into a yarn. The dyes [redacted] to colour [redacted] fibres [redacted] biodegradable.

Bass: US, 207 791 4320; UK, [redacted] *62476.*

A better display from liquid crystals

Today's portable computers [redacted] flat liquid crystal displays [redacted] the [redacted] from behind in order [redacted] text and graphics to be visible. One of the big [redacted] that this drains the *limited battery* [redacted]

Now the Japanese [redacted] company Sharp has [redacted] several technologies to produce [redacted] prototype thin film transistor [redacted] require a backlight.

Each of the picture elements, or pixels, which make up [redacted] screen [redacted] coated with [redacted] organic *dielectric film which* [redacted] highly [redacted] Filters in cyan and red [redacted] incorporated in the [redacted] to help [redacted] the [redacted]

Sharp: Japan, 06 625 [redacted]

Getting a peep at rare books

Some of [redacted] and documents [redacted] in [redacted] Library. [redacted] every year only about [redacted] scholars [redacted] allowed [redacted] manuscripts [redacted]

To bring the [redacted] of art [redacted] attention [redacted] a wider [redacted] Library [redacted] up with the Pontifical [redacted] University [redacted] Rio de Janeiro and computer maker IBM to [redacted] of [redacted] images [redacted] manuscripts can [redacted] displayed on PC [redacted] internationally. The images [redacted] on CD-Rom [redacted] distributed across [redacted]

The pilot project [redacted] the feasibility of creating [redacted] high-resolution [redacted] from [redacted] fragile [redacted]

Vatican: Italy, [redacted]

Computer becomes a piano teacher

[redacted] pianists for [redacted] lessons still involve practising scales may [redacted] of [redacted] boredom [redacted] colour, [redacted] action [redacted] which [redacted] the piano for a fraction of the [redacted] of [redacted] human teacher.

[redacted] Musicware [redacted] Course [redacted] gives pianists [redacted] equivalent of a year's music lessons, from [redacted] playing with both [redacted], reading music [redacted] on.

Developed [redacted] Redmond, Washington, by Musicware Piano, [redacted] distributed [redacted] Europe by Et Cetera, of Lancashire, [redacted] software can be [redacted] by [redacted] with a Windows PC, keyboard [redacted] card.

Musicware: US, 206 881 9797. Et Cetera: UK, 0706 228039.

Fuel cells are set to become the power source of the future, reports **Andrew Fisher**

Milestone on the road

Precious cargo: Necar's propulsion system emits no harmful exhaust gases and less carbon dioxide than conventional engines

They have [redacted] on [redacted] moon, in [redacted] and small power stations. Invented [redacted] than [redacted], they have recently been [redacted] as an answer to some of the world's most [redacted] environmental problems and as [redacted] power-generating technology [redacted] the [redacted]

[redacted] why have fuel [redacted] – which produce electricity [redacted] serious pollution of the atmosphere – remained mostly [redacted] laboratory [redacted] failed [redacted] impact on the [redacted] The answer lies not so much in the technology [redacted] in the [redacted] of [redacted] and the [redacted] the equipment [redacted]

[redacted] this week, in [redacted] headquarters [redacted] in [redacted] Germany, [redacted] demonstrated [redacted] it [redacted] on [redacted] solving [redacted] problems. Germany's largest industrial [redacted] off [redacted] packed [redacted] of pipes, valves [redacted] with [redacted] big yellow cylinder [redacted] the hydrogen used [redacted] produce [redacted] by reacting with [redacted] from [redacted] air.

[redacted] chairman, [redacted] Reuter, [redacted] that [redacted] group's expensive diversification into electronics, aerospace [redacted] other [redacted] sectors was *producing results, spoke* enthusiastically [redacted] "milestone on [redacted] road to ecological mobility". Hartmut Weule, research [redacted] technology director, [redacted] "We are [redacted] very *beginning* [redacted] *phase* of technology, comparable with [redacted] days when [redacted] Daimler and Karl [redacted] *constructing* [redacted] vehicles powered by internal [redacted] bustion engines."

[redacted] was careful not to get carried away by [redacted] grand historical analogy. Much work remained [redacted] before [redacted] cell vehicles could be brought [redacted] series production stage, he said. Daimler [redacted] working to perfect further [redacted] internal combustion [redacted] diesel engines on which [redacted] fortunes of [redacted] truck subsidiary still depend.

Weule [redacted] no doubt, however, of Daimler's determination to succeed in [redacted] technology of fuel cells, in which [redacted] group says [redacted] is ahead of automotive rivals such as General [redacted] of the US and Mazda of Japan. "We do not intend [redacted] wait until [redacted] Japanese or American competitors gain the upper hand in technology," [redacted] said. Already, the [redacted] – including [redacted] (electronics and energy generation), Dornier (aerospace [redacted] materials) [redacted] sche Aerospace – [redacted] spent [redacted] than DM100m [redacted] on research into fuel cell technology.

The electric transporter van, shown [redacted] for the [redacted] in Ulm on Wednesday, certainly [redacted] *revolutionary. Inside, though,* it contains [redacted] of [redacted] technological advance which enables Daimler to claim that it is the first motor company [redacted] Europe, and probably [redacted] world, to develop [redacted] fully working [redacted] powered by [redacted] Called [redacted] (new [redacted] car), [redacted] propulsion system than [redacted] other type [redacted] industry [redacted] producing no harmful exhaust [redacted] carbon dioxide than [redacted] by conventional engines.

[redacted] efficiency [redacted] by Daimler [redacted] up [redacted] compared with [redacted] to [redacted] cent in internal combustion engines. Fuel cells, which work [redacted] low temperatures [redacted] do [redacted] rely [redacted] the burning of fossil fuels, produce no [redacted] nitrogen [redacted] sulphur (the causes of acid rain), need [redacted] which would have to be recharged or recycled and [redacted] hydrogen from [redacted], methanol, bio[redacted] and other [redacted]

[redacted] advantages, [redacted] is [redacted] surprising that [redacted] fuel cells is taken seriously in the US and Japan, both of which have costly [redacted] aimed [redacted] making the technology viable for transport [redacted] power generation.

A German project group, including Daimler, Siemens, the electrical and electronics group, the chemical industry and the federal research ministry, [redacted] just [redacted] up to [redacted] the country in [redacted] *forefront* of fuel cell developments. Weule would [redacted] see greater inter[redacted] at European Union level – "they should be [redacted] in Brussels".

[redacted] *develop its* [redacted] cell-powered vehicle, Daimler went into partnership with Ballard Power Systems, a Canadian specialist in this technol[redacted] Ballard [redacted] installed fuel [redacted] in [redacted] bus in Vancouver and is working [redacted] extend its [redacted] and reduce [redacted] weight. Firoz Rasul, Ballard's president, [redacted] Daimler [redacted] taken fuel [redacted] technology a considerable [redacted] commercial viability, despite [redacted] remaining problems. "This demonstration [redacted] that [redacted] here, [redacted] real and the trick is [redacted] down."

[redacted] *and weight* [redacted] big hur[redacted] still to be overcome. Weule [redacted] present cost of some DM10,000 for each kW [redacted] come [redacted] of at least 50, [redacted] around DM200 or less, [redacted] fuel [redacted] can be [redacted] in [redacted] for private [redacted] This [redacted] 10 or 20 [redacted] Rasul, speaking from close knowledge [redacted] California's tough [redacted] pollution [redacted], which [redacted] per [redacted] should be zero-emission producing in 2003, [redacted] optimistic. "I would [redacted] 10 years."

Rasul believes industry and gov[redacted] now waking up to fuel cells' potential. "The market [redacted] pushing it now [redacted] there [redacted] the [redacted] players." [redacted] lard's contribution [redacted] vehicle [redacted] proton exchange membrane fuel cell, a thin polymer [redacted] with [redacted] catalyst [redacted] *containing platinum;* [redacted] hydrogen [redacted] and react [redacted] produce the [redacted] ity.

[redacted] Daimler's electric vehicle will in [redacted] widely available [redacted] the hydrogen [redacted] of a pressurised [redacted] cylinder. [redacted] years' time, Daimler [redacted] develop [redacted] drive system [redacted] that in [redacted] Necar. [redacted] be [redacted] further step towards fulfilling [redacted] *fuel* [redacted] will be "the propulsion technology of [redacted] century".

Getting there by fuel cell

Just [redacted] 10 years ago, [redacted] Power Systems took a second look [redacted] an [redacted] but abandoned technology. Now the Canadian company which is working with Daimler-Benz appears [redacted] the verge *of a breakthrough* [redacted] *the efficient* [redacted] of clean, abundant energy from fuel cells. [redacted] has attracted attention with the improvements [redacted] has [redacted] a proton exchange membrane [redacted] cell pioneered by General Electric of [redacted] US.

Paul Howard, Ballard's vice-president, *says the GE system* (developed for the space programme) had been seen as too heavy, finicky and expensive. [redacted] received a Canadian military [redacted] for the fuel cells which produce electricity directly from [redacted] hydrogen without combustion.

They work with [redacted] polymer membrane [redacted] the electrolyte between two thin layers of platinum catalyst. These [redacted] sandwiched between [redacted] carbon electrodes. *When hydrogen* [redacted] *piped* [redacted] *to* [redacted] electrode and oxygen next [redacted] the other, a reaction [redacted] the electrolyte, producing the electricity, heat and water.

Ballard improved [redacted] technology and by 1987 was ready to produce its first-generation 5 kW *fuel cell,* [redacted] *series of electrodes,* catalysts and plastic membranes bolted together, weighing [redacted] kg. An array of 24 similar cells, [redacted] an electric motor, powers its first [redacted] vehicle, [redacted] bus. This first generation of fuel cells has been sold [redacted] motor companies, including Daimler-Benz, [redacted] evaluation.

The [redacted] will generate [redacted] twice as much power. In [redacted] working [redacted] Matthey of [redacted] UK to [redacted] amount of platinum catalyst, plans [redacted] *the third and* commercially viable phase. The [redacted] kW fuel cells [redacted] drive [redacted] large bus with a [redacted] of [redacted] km. A fourth generation [redacted] kW [redacted] least 10 years away.

"We [redacted] to get [redacted] power-to-weight ratio of an internal [redacted] *engine. Today, we're* probably [redacted] five [redacted] away from that," says Howard. "Automobiles in the [redacted] are going to [redacted] driven by fuel cells. [redacted] aren't going to [redacted] there."

Stephen Wisenthal

صكذا من الاجل

MANAGEMENT

Learn your PLC

A first invitation to join the board of a listed company is an exciting opportunity for anyone in business. But the post carries additional responsibilities and increased duties as well as prestige.

That is [redacted] the UK's Institute of Directors – increasingly vocal this year [redacted] of raising board standards – is today launching a new two-day course expressly devised for recently appointed and prospective directors of publicly quoted UK companies.

There are already numerous general courses on the UK market, including those run by the IOD, aimed at training company directors. John Harper, professional development director at the IOD, claims this is the first to address the special issues faced by listed company boards. He estimates that there are 15,000 to 20,000 directors of UK publicly quoted companies.

Capital markets and financing options, insider trading rules, shareholder value and dividend policy, investor relations and opinions, internal audits, board committees and preparing reports and accounts are just some of the subjects that will be covered on the course.

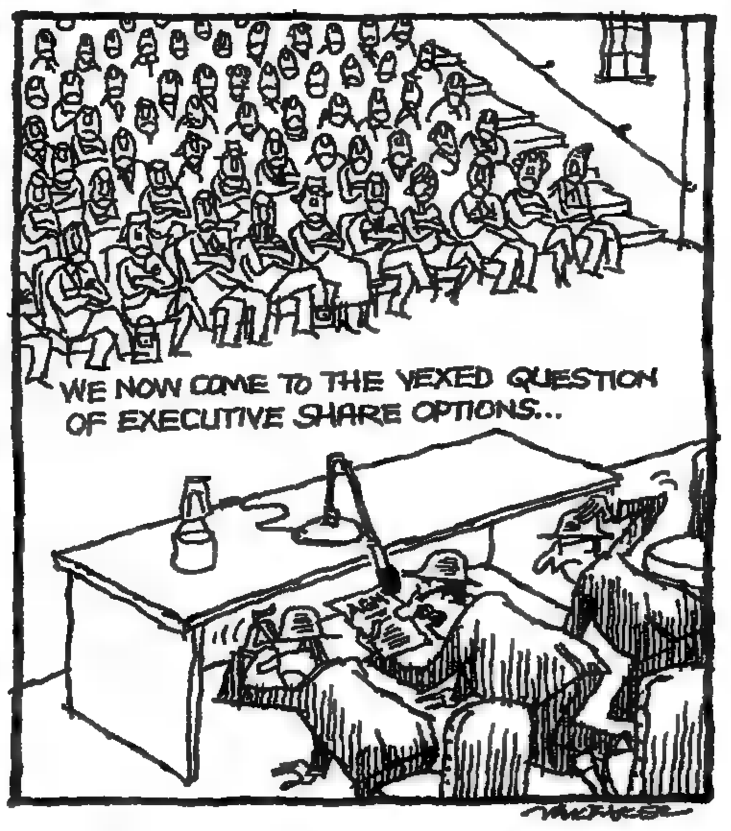
Joining The PLC Board has been developed by a team from the IOD, Henley and Ashridge management colleges, and Manchester Business School, with advice and input from several FT-SE 100 companies. The two days, running from Thursday lunchtime to Saturday lunchtime, will be split into nine modules – each led by an experienced business or City figure and an academic.

The first of the three courses planned for 1994 – price £2,250 plus VAT for tuition, accommodation, course material and meals – will be held at Henley, starting June 16. The others are at Manchester in September and at Ashridge in November. Details from the Centre for Director Development, Institute of Directors, 116 Pall Mall, London SW1Y 5ED.

Tim Dickson

Forthcoming AGMs are heading for conflict over executive incentives, say **Lucy Kellaway and Robert Corzine**

Avoid the BP trap



Last week British Petroleum [redacted] a lesson [redacted] how [redacted] general meeting can be hijacked [redacted] the [redacted]tive issue of executive incentives.

Reports of the bad-tempered [redacted]ing will [redacted] been read with horror by [redacted] publicly-quoted companies which [redacted] shortly be asking their [redacted] permission to renew share option schemes.

On BP's agenda was a resolution extending a scheme for 500-600 man[redacted] A similar item will be on the agenda of most company AGMs [redacted] year, as their existing 10-year schemes, introduced in 1984 to take advantage of [redacted] breaks, formally expire. [redacted] share options are [redacted] only part of [redacted] remuneration pack[redacted] on [redacted] investors have [redacted] right [redacted] vote, [redacted] occasion is being [redacted] by shareholders as [redacted] golden opportunity [redacted] an influence on [redacted] fraught question of executive pay.

BP [redacted] they knew in [redacted] questions on the [redacted] would be raised [redacted] the floor. But Lord Ashburton, BP chairman, [redacted] by a broadside of complex questions and [redacted]ments that flowed from a member of the UK Shareholders Association, which represents smaller investors.

The accusations [redacted] furious:

- The [redacted] of [redacted] on performance criteria [redacted] in violation of the Cadbury code of corporate governance and guidelines of institutional shareholders, such as those of the Association of British Insurers and the National Association of Pension Funds;
- The compensation committee of the board of directors was not independent enough;
- References to the scheme in the annual report had been misleading.

Lord Ashburton bravely tried to separate the various strands of questioning, but the share option scheme became hopelessly entangled with another incentive plan for BP's top 90 executives that was not on the agenda. His statement that the ABI had found "technical shortcomings" in the scheme's performance criteria signalled the end of the confrontation and a tactical retreat to the security of an overwhelmingly large block of proxy votes offered up by institutional shareholders.

As for the small shareholders sitting high above the fray in the lofty heights of London's Barbican's theatre, they too seemed flummoxed by the confusion below. But shareholder sentiment, smarting from an extension of BP's frozen dividend, was not on the side of management.

Many of the allegations may have been misleading, half-truths or downright wrong, as BP officials later claimed. But they were received with rounds of applause, and at least [redacted] third of those present [redacted] against [redacted] extend the scheme.

[redacted] post-mortem of the day no doubt centred on how the executive incentive issue came to dominate what were otherwise generally positive proceedings on BP's rehabilita[redacted] from the [redacted] days of [redacted] ago, [redacted] sudden departure from [redacted] twin posts of chairman and chief executive triggered a troubled period for the company.

The BP experience not only indicates that shareholders are baying for blood, but that there is much confusion on what constitutes an acceptable new options scheme.

"Companies had better make sure they've got their acts together," warns Mark Anderson of New Bridge Street Consultants, specialists on executive pay.

Shareholders have been increasingly vociferous on the issue of options over the past two years in preparation for the season of mass renewal of the plans. After considerable disagreement among themselves, the ABI and the NAPF have decided they will only approve future schemes that contain a measure of performance.

The joint guidelines the two bodies issued last year stated that companies and their remuneration committees could choose the performance measure best suited to them. It was implicit in the recommendation [redacted] shareholders, in order [redacted] informed vote [redacted] scheme, would need [redacted] precisely [redacted]

BP was taken to task last week mainly because it [redacted] to [redacted] its criteria [redacted] However, [redacted] institutional [redacted] perfectly happy with [redacted] excuse.

[redacted] argued [redacted] it [redacted] not yet ready to issue any options under [redacted] new [redacted] It pointed [redacted] that fluctuations in oil prices [redacted] exchang[redacted] rates made the [redacted] performance [redacted]sures – share price and earnings – inappropriate. [redacted] working on [redacted] complex [redacted] performance [redacted] compared [redacted] own return to shareholders against that of [redacted] majors.

BP already [redacted] measure [redacted] senior people [redacted] part of [redacted] annual bonus, but [redacted] present [redacted] just once a year. [redacted] be extended to share options it [redacted] more [redacted] looking at ways of achiev[redacted]

The ABI denies [redacted] in approving [redacted] options [redacted] week, it [redacted] signing [redacted] cheque. [redacted] pledged [redacted] inform shareholders [redacted] performance measure, which will have been thoroughly analysed by its own remuneration committee. [redacted] ABI reasons that although shareholders [redacted] chance [redacted] vote, they could make [redacted] very embarrassing [redacted] giant [redacted] performance [redacted] inadequate.

Other companies, meanwhile, [redacted] have [redacted] lesson. [redacted] likely to [redacted] loud [redacted] clear [redacted] performance criteria at the ou[redacted]

For most the choice of measure will be easier than it was for BP. Few other companies are in sectors homogenous enough to allow performance to be compared against their peers, so they are likely to choose [redacted] conventional [redacted]sures. Moreover, few businesses are so [redacted] of commodity prices.

According to specialist pay consultants who are helping companies to finalise their new schemes, the most popular measure is likely to be earnings. Many will plump for [redacted] criterion [redacted] exercise options if the company's earnings [redacted] inflation by 2 [redacted] cent in three successive years.

Some are still dithering, waiting to see what sort of performance measures others go for before making a decision.

And a few companies have found the area so perplexing that they have decided to shelve the whole dreaded question of executive share options until next year.

Paean of praise in model guise

Christopher Lorenz reviews a new study of European management

European managers are subtle, socially responsible and humane, believe that maximum profit is not the primary aim of business, and [redacted] be [redacted] and cunning than simply rational.

They [redacted] more adept than their American or Japanese counterparts [redacted] handling "diversity" – they benefit from [redacted] within their organisations [redacted] preferences around the [redacted]

European [redacted] executives [redacted] also more accomplished [redacted] their [redacted] and Japanese peers, earning loyalty rather [redacted] im[redacted] their will.

This remarkable paean of praise for Europe's business community comes in a study published this week on behalf of the European Round Table of Industrialists, a lobby group of chairmen and [redacted] large European multinationals including Volvo, Philips, Lafarge Coppee, [redacted] Hoechst, Solvay, [redacted]

The study – published [redacted] a book* [redacted] by [redacted] journalist and two respected continental European academics – is essentially an opinion survey of the ERT's members, plus a few Americans and Japanese. But it is presented as an emerging "European management model" – something that other European business [redacted] and academics have been trying for years to develop as an antidote to the dominant [redacted] ultra-rational, homogenous management styles and techniques.

As an obvious confidence-rebuilding exercise for demoralised European managers, the book has an upbeat tone. But its content is by no means entirely positive and nuggets of realistic criticism shine through:

- European companies pay a price for their social attitudes, in terms of lower flexibility and reduced economic effectiveness;
- They suffer from a fear of risk-taking and failure;
- European culture does not encourage people to work in teams;
- The relative security of semi-regulated markets, plus Europeans' "fierce pride in their engineering prowess", has deterred companies from putting customers first, and from matching Japanese quality [redacted]
- Europeans are "handicapped by their sophisticated world outlook [redacted] sees [redacted] country [redacted] culture as different [redacted] deserving [redacted] treatment".
- European companies must become much [redacted] adept [redacted] changing, [redacted] living [redacted] uncertainty.

The study [redacted] its [redacted] valuable when [redacted] academics [redacted] executives' [redacted] in [redacted] own [redacted] research.

For instance, they stress the difference between a monocultural "global strategy", as pursued by many US and most Japanese companies, and a "world outlook" [redacted] globe as composed [redacted] but [redacted] details.

Another prominent [redacted] the need to [redacted] contradictory forces: [redacted], regional and national strategies; social responsibility and profits; long-term planning and short-term flexibility; diversity and integration; leadership and management; individuality and team work; a balanced life and commitment to the company.

[redacted] with that list – which the study claims is the [redacted] emerging "European management model" – is that it could have been drawn from the very source that the ERT so decries: a collection of US business school professors.

Yet that does not necessarily invalidate the study's conclusion that, provided they make the effort, Europeans should prove better than Americans or Japanese at managing these conflicting forces. Whether that will create a "renaissance of European management", as the ERT hopes, is quite another matter.

*Euro Management, by Helen Bloom, Roland Calori and Philippe de Woot. Kogan Page. £9.99.

BUSINESSES FOR SALE

LEGAL NOTICES

COMMERCIAL PROPERTY

APPOINTMENTS

PROPERTY

Happy returns

Vanessa Houlder on the reasons behind the improved investment outlook in the UK

Returns in the UK property investment market posted their [redacted] recovery on record last [redacted], according to the annual review [redacted] the sector by Investment Property Databank, a research group. Investment returns reached [redacted] per cent, a 22 percentage point improvement on the previous year.

After sinking so low, it is perhaps unsurprising that [redacted] investment market would rebound vigorously. But the factors driving this strong upturn are more complicated than first meet [redacted].

The IPD report [redacted] that the recovery [redacted] place in spite of, [redacted] of, the behaviour [redacted] components of the market: tenants and institutional investors. Although [redacted] was some improvement in demand from tenants, it [redacted] insufficient [redacted] stop the fall [redacted], which dropped by [redacted] 8 [redacted] over [redacted] year. Meanwhile, net institutional [redacted] totalled just [redacted], the [redacted] for [redacted].

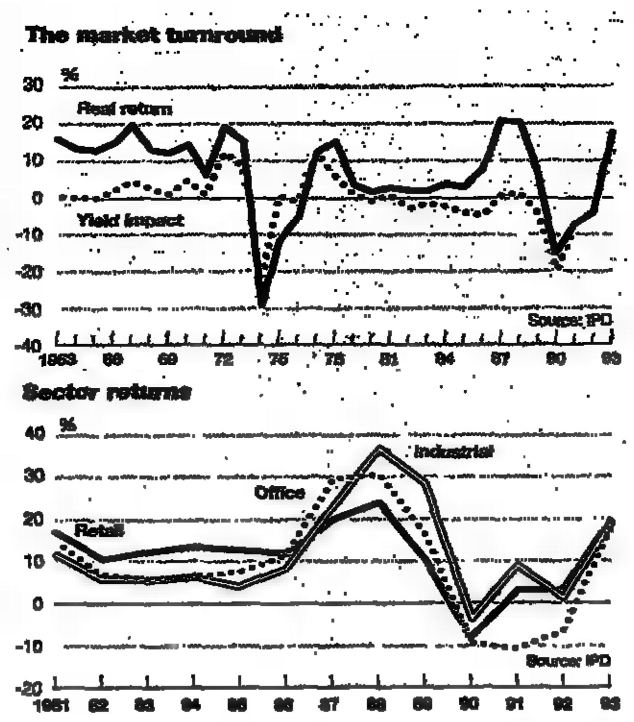
Instead, [redacted] main underlying causes behind [redacted] recovery [redacted] be [redacted] the behaviour of [redacted] bond markets: when [redacted] yields fell sharply [redacted] year, they dragged property yields down with them, thereby improving property values.

The reason for [redacted] relation between bond and property yields [redacted] was [redacted] property [redacted] a [redacted] investment – valued on the strength of its existing income rather than [redacted] potential income growth.

This [redacted] because [redacted] increasing number of properties [redacted] 'over-rented' – the term [redacted] to describe properties whose [redacted] are locked [redacted] require [redacted] pay rents at above the market rates. Since the rental income [redacted] 'over-rented' properties [redacted] unlikely [redacted] increase for several years, the value of the proper[redacted] will depend [redacted] the security of the current stream of income.

The IPD statistics, which [redacted] based on property amounting to 75 per cent of all institutionally-owned buildings (valued [redacted] about £40.4bn), underlines the extent to which this type of property has become 'over-rented'.

After the sharp fall in rents of [redacted] past few years, 44 per cent of all institutional tenants paid above market [redacted] the end [redacted], according [redacted] IPD. Even institutional portfolios spread across all [redacted]



regions [redacted] typically, 'over-rented'. Among such properties, [redacted] paid [redacted] the [redacted] is [redacted] 30 per cent.

The consequence of [redacted] 'over-renting' [redacted] property assumed some of [redacted] characteristics of bonds. And [redacted] yields fell, property yields tumbled in tandem, from 10.7 per cent to 9.2 per cent over the year, according to IPD.

> 'The trend in property returns will be vulnerable to shocks in the gilts market'

One outcome of the increasing similarity between property and bonds was that all the sectors of the market produced similar returns: retail returns [redacted] per cent, industrials [redacted] per [redacted] and offices [redacted] per [redacted] properties with [redacted] greatest degree of 'over-renting', such [redacted] City of London offices, enjoyed [redacted] greatest benefit from [redacted] in yields. 'Over-renting' had least impact [redacted] trial [redacted] regional variations in performance continued [redacted] reflect rental trends, with [redacted] Midlands and [redacted] north generally recording smaller [redacted] in rental values, and [redacted] higher returns, than London and [redacted] south.

Retail property posted a 1.7 p[redacted] cent drop in rents, less than a fifth of that recorded for either [redacted] industrial property [redacted] year. By contrast, office [redacted] dropped by [redacted] further 13.7 per cent in 1993, taking the total [redacted] 42 per [redacted] since 1989.

As in the retail sector, office [redacted] fell further in the south [redacted] in [redacted] north. However, this [redacted] rental divide was masked by heavy 'over-renting'. Some [redacted] the highest office returns were in the [redacted] 'over-rented' markets, such as the City which produced a 20.4 [redacted] cent return in 1993.

The dominant role played by bond movements in increasing property values last [redacted] was reinforced, in some sectors, by the pressure of investors' demand. The best-performing [redacted] – such [redacted] and distribution warehouses which produced returns [redacted] per [redacted] and 30 per cent respectively – owed their strong returns to [redacted] particularly sharp [redacted] yields, which stemmed from strong [redacted].

However, for most of [redacted] year, the net impact of institutional investors [redacted] the market was subdued, according to IPD. Although institutions are currently among [redacted] most enthusiastic purchasers [redacted] property, their renewed [redacted] in the market [redacted] not [redacted] until autumn [redacted]. For [redacted] early part of [redacted] year, the [redacted] active buyers were foreign investors, private companies and quoted property companies.

In fact, institutions sold [redacted] property than they bought [redacted] year: [redacted] in purchases against [redacted] in [redacted] investment climbed on the back [redacted] spent [redacted] development [redacted] improving buildings.

[redacted] property [redacted], by far, the [redacted] popular [redacted] for investors, accounting [redacted] 86 [redacted] cent of the total [redacted] investment in [redacted] retail [redacted] accounted for [redacted] per [redacted] of [redacted] investment. Institutions [redacted] net [redacted] offices in south-east England (excluding London), but [redacted] of property in [redacted] City [redacted].

Although institutional demand [redacted] strongly at the end of last year and is still high, IPD strikes a warning [redacted] about the sustainability of a recovery that depended [redacted] heavily [redacted] bond movements.

"This upturn [redacted] almost exclusively an investment phenomenon, based upon falling yields," said Mr Rupert Nabarro, managing director of IPD. "The trend in property returns will be vulnerable [redacted] shocks in [redacted] gilts market."

The IPD report adds: "Questions remain as to the strength of the 1993 recovery . . . A sustained recovery [redacted] depend in [redacted] medium-term [redacted] low [redacted] continued investor demand."

PEOPLE

Turner to manage UES Steels

UES Holdings, the Rotherham-based engineering steels and forgings company, has strengthened its top management by appointing Don Turner to the key post of managing director of the UES Steels division.

With [redacted] from July 1, Turner replaces David Stone, who will become managing director of UES Holdings' [redacted] sidiaries division, which has interests in bright bar – [redacted] shiny [redacted] used in the automotive [redacted] other industries – stockholding and metal [redacted] mation.

Stone will also directly [redacted] Don Ford, [redacted] Holdings' chairman, on matters [redacted] as relationships in Europe and US [redacted].

Ford [redacted] Stone would [redacted] retiring in two to [redacted] but stressed: "I [redacted] not moving him aside, but planning [redacted] in [redacted] managed way."

The changes come only [redacted] months after UES restructured [redacted] company, eliminating the post of chief executive and giving greater autonomy to its [redacted] operating divisions. [redacted] quence, chief executive Graham Mackenzie left [redacted] company.

The shake-up was engineered by UES' two owners, British Steel and GKN, and Turner's appointment was carried out with the full approval of the two shareholders. The final selection was left to Ford, how[redacted].

Turner, 54, has been managing [redacted] British Steel's tinplate division [redacted] 1992, but will be on familiar ground in Rotherham [redacted] he previously ran British Steel's narrow strip business, based around the Brinsworth strip mill in the Yorkshire town.

UES [redacted] has been hit badly by rising scrap [redacted] reduced selling prices, and what it sees as unfair [redacted] Europe.

Last year UES Holdings lost a record £48.1m, but according to Ford this year's loss will be much lower. GKN has made clear it would sell its 39.1 per cent stake [redacted] an opportunity arose.

[redacted] British Steel Tinplate, Turner will [redacted] replaced by Tony Vickers, currently technical [redacted] at British [redacted] strip products business.

■ Noel Davies, chief executive of VSEL Consortium, has been [redacted] president of the Engineering Employers' Federation for a two-year term. He [redacted]ceeds Graham Mackenzie, who will continue [redacted] director-general until a replacement is appointed. The previous director-general, Neil Johnson, left last autumn.

■ Robin Gourlay, who became deputy [redacted] of Anglian [redacted] in February, [redacted] chairman, probably by the autumn. Gourlay, chief [redacted] managing director of BP Nutrition will [redacted] as [redacted] as his responsibilities at BP [redacted] completed. He replaces [redacted] chairman Bernard Henderson.

Gray moves to HSBC

HSBC Holdings has appointed Robert Gray, chairman of JP Morgan Securities and one of the best-known figures in the international capital markets business, to help build up the group's global underwriting business.

Gray, [redacted], joined the London [redacted] of [redacted] US [redacted] bank [redacted] 1971 and he [redacted] closely identified with [redacted] lishing JP [redacted] in the European and [redacted] capi[redacted] markets.

[redacted] new position will be managing director, global [redacted] at HSBC [redacted] treasury [redacted] capital [redacted] HSBC Holdings and Midland Global [redacted] well-known names [redacted] Samuel Montague in London, Trinkaus & Burkhardt in Germany and Wardley in Hong Kong.

[redacted] job [redacted] and will report [redacted] Stephen Green, group treasurer at HSBC.

"I would like [redacted] become one of [redacted] largest play[redacted] in [redacted] international underwriting business [redacted] every [redacted] there," says [redacted].

Well-matched company

From secretary to commercial director in nine years is no mean feat; but then to return voluntarily to being a personal assistant and, once more, rising to [redacted] ranks of yet another [redacted] achievement.

Jan Reynolds, below, has just [redacted] appointed managing

director of Octavius Hunt, part of [redacted] Chemring group since 1991.

The UK's [redacted] remaining [redacted] manufacturer, [redacted] Hunt is based in Bristol, from [redacted] produces [redacted] variety [redacted] specialist pyrotechnical and smoke equipment for [redacted] entities as the ministry of [redacted] banana import[redacted].

Reynolds, 51, [redacted] almost [redacted] with Pollastrip, then part [redacted] the Tarmac [redacted], rising from [redacted] in [redacted] be commercial director by [redacted].

"Having become [redacted] with being part [redacted] large organisation I [redacted] go back [redacted] being [redacted] personal [redacted] smaller operation," [redacted] says.

[redacted] then joined Octavius Hunt in 1989 [redacted] Luffingham, [redacted] then owned the company. Within [redacted] year, [redacted] once more [redacted] director; she now replaces Tom [redacted] – who [redacted] taking on [redacted] broader role [redacted] the Chemring group – as managing director, running the [redacted].

[redacted] disillusionment this time round, [redacted] "Rather, I [redacted] bit [redacted] people in [redacted] ads, [redacted] they just love [redacted] in control."

With [redacted] company just recently launching into the retail and display fireworks' market, [redacted] is likely [redacted] much to spark further interest.

Went joins Coutts

David Went, chief executive of National Westminster Bank's Ulster Bank subsidiary, has been given the job of turning Coutts, the frock-coated bankers to Britain's royal family, into a "truly global private bank" which can compete on a par with the private banking arms of US banking giants such as J P Morgan and Citicorp.

Went, a 47-year-old Ulsterman who trained with Citibank, [redacted] been appointed [redacted] the new post of chief executive of Coutts Group, parent [redacted] Coutts [redacted] Co in the UK and Coutts International Private Banking.

Although the 300-year-old Coutts has been [redacted] NatWest subsidiary for many years, it has been allowed to operate independently. Analysts have felt that NatWest has failed to exploit one of the best known brand names in private banking.

Just over two years ago NatWest installed one of its own managers, Ian Farnsworth, as managing director of Coutts & Co. Since then its profits have recovered strongly and Bernard Horn, NatWest's international chief, says that Went's appointment is the next stage in the plan to build a "world class private banking operation".

Horn denied yesterday that this would involve taking Coutts down market and said that the changes had nothing to do with last September's retirement of Sir David Money-Coutts, who had worked for Coutts for 40 years and been chairman since 1976. Horn added that what Coutts needed was not more capital but more customer relationship officers and new products. Went will be based in London but it remains [redacted] whether [redacted] will [redacted] in [redacted] quarters.

Apart from NatWest [redacted] Farnsworth, 56, the [redacted] member [redacted] the [redacted] ment team is Jean-Pierre Cuoni, 56, chief executive of Coutts International Private Banking. Cuoni, a Swiss citizen, spent 22 years with Citibank before joining Coutts & Co in Zurich in 1988.

Went, who joined Ulster Bank in 1976, takes over on June 1 and will be replaced as chief executive of Ulster Bank by Ronnie Kells, 55, who has been with the bank since 1984.

A theatre in free flight

Alastair Macaulay talks to Lev Dodin, the artistic director of the Maly Theatre of St Petersburg

F[redacted] decades, the [redacted] next to nothing about the performing arts troupes of [redacted] the big Kirov [redacted] Bolshoi ballet companies [redacted] far less than their western admirers [redacted] have liked. Now the situation is [redacted] It [redacted] the west that [redacted] the Russian companies most.

Ballet [redacted] opera, though more [redacted] sive, are [redacted] obviously international arts. But the spoken theatre? One company in particular has pandered to [redacted] growing western appetite for Russian theatre. The Maly Theatre of St Petersburg, which has made several visits to the west in recent years, has now begun to spend most of its time ou[redacted] Russia. Last weekend it finished a season at the Odéon, Paris; this week it begins a tour of Britain. The scale of the endeavour is probably without precedent in the history of the spoken theatre. The Maly company has 85 members; it brings five different productions to Britain (including the two-part *Brothers and Sisters* and three-part *The Devils*); it will visit London, Manchester, Glasgow, Newcastle, and Nottingham.

The company's artistic director [redacted] Lev Dodin. In interview, he [redacted] first [redacted] a [redacted] Eurospeak. "These new contacts are very important for us... We gain a new quality of communication in the west. Performing here has become natural; it makes us aware we are all part of one community." He drops the "one community" line, however, when I make the error of referring to St Petersburg as [redacted] more [redacted] city than Moscow. "[redacted] Petersburg had always [redacted] more profound culture. Things were [redacted] appearing on the surface. The surface is where Moscow [redacted] up."

This is true Petersburg-speak, and won[redacted] "[redacted] Petersburg is built according to laws of beauty, and these laws shape our thought. The Soviet regime stifled ideas, and more so in St Petersburg. It was easier to keep down inventive thought there, whereas [redacted] bureaucracy [redacted] allowed [redacted] there. But St Petersburg was always alive to the work of Meyerhold, Akhmatova, Brodsky, [redacted]"

Today, he says, there are as many experiments in [redacted] Petersburg [redacted] in Moscow. "You [redacted] do what [redacted] – if you have money. [redacted] it's hard, [redacted] yet, to judge the results." I ask if there had been an [redacted] stimulation [redacted] trying to [redacted] work [redacted] the [redacted] regime. "Well, it [redacted] certain [redacted] yes. [redacted] was the [redacted] craziness. [redacted] very hard [redacted] create in [redacted] minute [redacted] mouth can be stopped. The [redacted] of [redacted] from Russian theatre. [redacted] world – [redacted] of financial values."

Will theatre be [redacted] to preserve its role? "This is a very [redacted] question [redacted] You know from your own country [redacted] easily [redacted] an [redacted] industry. That [redacted] real art." I [redacted] of Solzhenitsyn [redacted] his [redacted] in [redacted] is it [redacted] being a [redacted] in exile, I [redacted] "No, [redacted] not exile, but [redacted] flight! [redacted] have [redacted] January, and we [redacted] June. [redacted] will [redacted] there, [redacted] perform in September. [redacted] form in the west so much because this is the best way [redacted] can support the staff in [redacted] theatre. [redacted] are people at [redacted] Maly now [redacted] only support [redacted] working [redacted] of [redacted] home; [redacted] getting harder."

The company has made its western rep[redacted] adaptations [redacted] than by performing plays [redacted] written as plays. The Paris season ends, however, with Chekhov's *The Cherry Orchard*, with [redacted] the British [redacted] This was my introduction [redacted] company's work, and it is, by most accounts, by no means the best. The company's admirers love the theatrical energy and intensity of its stagings; but *The Cherry Orchard* is [redacted] play with a great deal of languor, which [redacted] observes. Nonetheless, this staging [redacted] less naturalistic than [redacted] British productions.

The play has one single set, [redacted] changes in the light. It is, by turns, a hall of mirrors, a wall of [redacted] opening onto cherry trees, a dark interior. Splendid; but why so much surrounding darkness in [redacted] daytime [redacted] that this is [redacted] play; while talking of the comic element in Chekhov, he says "It [redacted] *not* a naturalistic drama, not [redacted] sad tragedy. [redacted] a spiritual tragedy which is [redacted] very comic. [redacted] comedy is that of [redacted] A human's [redacted] is very [redacted] and limited. A human is unwilling to accept this, [redacted] only faster. This [redacted] close [redacted] Shakespeare. The [redacted] is dramatic."

[redacted] staging, daringly, [redacted] given [redacted] interval; [redacted] the [redacted] act is in Chekhov's original version. I have always [redacted] asymmetries of [redacted] stagings, [redacted] ways [redacted] two [redacted] more activities [redacted] frequently going [redacted] tempi, and the way that the people in the stage world [redacted] stop [redacted] orate to the audience. Dodin, however, frequently has events happen bang on the centre-line of the stage, underplays [redacted] multiplicity of stage incident, [redacted] has certain speeches delivered straight [redacted] audience.

[redacted] is a [redacted] ensemble, and they bring [redacted] a Russian [redacted] in large emotion, easily able [redacted] switch between laughter [redacted] tears, or [redacted] catch [redacted] time. Dodin again: "A com[redacted] spirit [redacted] very important [redacted] Chekhov. [redacted] in Chekhov, they [redacted] like Chekhov, more like [redacted] other play. You must hear [redacted] of [redacted] symphony. Or, rather, [redacted] evening serenade."

[redacted] *Cherry Orchard*, [redacted] April 17 [redacted] the Lyric, [redacted] Theatre, Manchester, presents [redacted] *and Sisters* and *Stars in the Morning Sky*, April 20-24; as does the Nottingham Playhouse, May 24-28. Glasgow presents all five productions, at the Citizens and Tramway Theatres, April 29-May 15. The Newcastle Playhouse presents *Brothers and Sisters* and *The House*, May 18-21.

Scene [redacted] the [redacted] *Cherry* [redacted], which had its British premiere [redacted] the Lyric, Hammersmith, [redacted] night

Theatre/**Malcolm Rutherford**

No love in 'The Butterfly Kiss'

No-one likes to break a butterfly upon a wheel, so I shall be gentle with the new play at the Almeida, save to say that it is one the most unpleasant pieces I have seen on a London stage. According to a programme note, the subject of Phyllis Nagy's *Butterfly Kiss* is matricide, "dramatically speaking", the note claims, "a no-go area". And it is true that a girl does kill her mother. But it is not the subject one objects to; it's the play.

A butterfly kiss, the programme also reveals, is American slang for "a caress given by winking one eye so that the lashes brush against the face of the receiver". Yet unless you count the increasingly frenetic groping of a couple of lesbians in the background, there is not much caressing in the piece; nor much winking either.

Instead, there is a lot of brandishing [redacted] vicious-looking kitchen knife and the suggestion, possibly a joke, that [redacted] Ross, the [redacted] Marine [redacted] lepidopterist, may kill [redacted] Luger, the same gun which [redacted] eventually used [redacted] his daughter to kill his wife.

The motivation remains obscure throughout partly because this is one of those irritating plays that dot backwards and forwards in time. But even if you try to put the events in chronological order, the motives are still unclear.

There is an old woman and a daughter, both of whom seem fairly high on the bottle. The daughter marries the ex-marine, who turns up at the wedding with another ex-marine as best man and a floozy who (we learn) is already the mistress of the groom.

Sloan, the groom, tells his wife that he does not want children – yet. Nevertheless, a daughter called Lily arrives and it is she who may be at the centre of the piece. By the time she is 14, she has seduced the other marine. She then kills her mother with the gun handed to her by her father, possibly at her mother's drunken [redacted]quest: there is some suggestion [redacted] it [redacted] manslaughter, [redacted] murder. Lily (played by [redacted] Berridge) [redacted] by a lesbian [redacted] – who [redacted] virtue of being [redacted] only remotely attractive character in the piece.

Perhaps there is something [redacted] Sloan's amiable ex-marine friend, Teddy Roosevelt Hayes, but since the part is not filled out it is impossible to say. There is [redacted] striking set, with [redacted] case of [redacted] in the background, designed by Mark Thompson. Otherwise one wonders [redacted] like [redacted] and a [redacted] Almeida are [redacted] with [redacted] piece like this. Phyllis Nagy, [redacted] author, is a [redacted] Yorker living in London who is now the Arts Council writer-in-residence at the Royal Court, so there may be more to come.

[redacted] Theatre [redacted] April [redacted] (071) 359 [redacted]

Dissonance in Prague

Andrew Clark finds Czech Philharmonic supporters out of tune with its new conductor

There is disharmony [redacted] the Philharmonic. [redacted] the London, Berlin or New York philharmonics, but [redacted] Prague, where [redacted] Czech Philharmonic [redacted] its [redacted] are deeply divided [redacted] foreign [redacted] director in the [redacted] 98-year history.

In most countries, the appointment of [redacted] foreign conductor [redacted] problems, [redacted] to [redacted] orchestra's prestige. Not [redacted] four independent orchestras, for example, has a British music director. But in the Czech Republic, where national pride is identified with leading artistic institutions, the arrival of Gerd Albrecht from Germany [redacted] aroused [redacted] passions.

[redacted] recently [redacted] political [redacted] Albrecht [redacted] an [redacted] the Czech [redacted] to play [redacted] Vatican. President Vaclav [redacted] openly criticised [redacted] for "damaging the [redacted] of the Czech Republic".

Albrecht's appointment [redacted] hardly [redacted] orchestra [redacted] its first-ever *vote for the post of chief conductor* and by [redacted] narrowest of margins, Albrecht [redacted] the Czech incumbent, Jiří [redacted] But it is only in this season, since [redacted] took up the appointment and began conducting regularly in Prague, that the consequences [redacted] clear.

In the post-revolutionary atmosphere [redacted] freedom [redacted] democracy, the players [redacted] Albrecht as [redacted] passport [redacted] fortune. [redacted] the promise of lucrative foreign [redacted] and recording contracts, none [redacted] has materialised: western agents [redacted] record companies are only interested if the orchestra works with [redacted] conductors. "The orchestra is losing out," [redacted] Anthony Howard [redacted] Artists, [redacted] which [redacted] organised the orchestra's recent [redacted] to [redacted]

"A [redacted] *of concert promoters* [redacted] *interested in the Czech Philharmonic, but not in Gerd Albrecht. He's not regarded as* [redacted] top-notch [redacted] The package doesn't [redacted] The [redacted] with [redacted] the orchestra [redacted] to [redacted] may [redacted] household names, but they fitted in and produced [redacted] Albrecht's appointment [redacted] good idea."

Albrecht nevertheless [redacted] supporters in Prague. While increasing the profile of [redacted] and other [redacted] he has [redacted] a [redacted] variety of [redacted] repertoire, programming rarities by Fibich [redacted] by Dvořák. [redacted] Czech Philharmonic has always [redacted] charmed by conductors [redacted] and Albrecht," [redacted] local critic. "Albrecht [redacted] the detached, perfect [redacted] baton."

But these qualities [redacted] exactly [redacted] opponents cite [redacted] to [redacted] orchestra's tradition, and many [redacted] members [redacted] orchestra and [redacted] remember the [redacted] occupation. "He's [redacted] good enough conductor," [redacted] orchestra veteran, "but whether he's right [redacted] is another matter. The [redacted] Philharmonic [redacted] by playing under great Czech conductors like Talich [redacted] Albrecht conducts, everything is [redacted] cool. It lacks spontaneity [redacted] Czech spirit."

[redacted] Albrecht had [redacted] international *reputation of Colin Davis or Kurt Masur, his opponents would doubtless accept him.* But [redacted] *orchestra* [redacted] *front-rank foreign conductor.*

It has given Albrecht a five-year contract with sweeping [redacted] enabling him to veto the Vatican concert, which had been offered to another conductor. "A strong management would take control of the situation, but there's no one with the guts or the knowhow to do it," says one Philharmonic insider. "The orchestra is paying for its own arrogance. They'll be crawling [redacted] to Bělohlávek in five years."

Ironically, the two main beneficiaries of the Albrecht controversy have been Bělohlávek and the Prague Symphony Orchestra. Bělohlávek, *still only 48 but with a reputation as a strong orchestral trainer, has wasted no time in developing his freelance international career.* [redacted] Prague Symphony is *picking* [redacted] *prestigious engagements* [redacted] and abroad which [redacted] previously [redacted] to its [redacted] rival. Under its [redacted] conductor, [redacted] Turnovsky, it has [redacted] profitably [redacted] its [redacted] character.

"We want [redacted] a Czech cultural institution that is open to the world," says [redacted] Belor, the Prague Symphony's [redacted] "At the [redacted] time, [redacted] feel [redacted] responsibility [redacted] continuity [redacted] culture. There's something special in the atmosphere [redacted] Prague and the [redacted] countryside, in [redacted] handed down and the mixture [redacted] middle-European influences, which give a [redacted] sound [redacted] and played [redacted]

"It doesn't prevent foreigners from giving good performances. But [redacted] advantage [redacted] *playing this music* [redacted] they are Czech – they were born here."

Recital/**John Allison**

Alfred Brendel

London heard the fourth instalment of Alfred Brendel's latest Beethoven series on Tuesday night. Complete cycles [redacted] composer's 32 piano sonatas ought always to be enlightening events – [redacted] the Brendel fans who packed the Royal Festival Hall, this recital plainly was – but it seems that this legendary pianist has lost the instinctive, inspiring powers of his earlier self.

Brendel has, of course, performed complete Beethoven cycles umpteen times. This widely-spaced series is different: seven programmes spread over three-and-a-half years (it is not due to finish until summer [redacted] each repeated in various European [redacted] American cities. [redacted] now halfway through, but since his approach is not chronological, we heard four early sonatas (numbers 8-11) and the later *Lebewohl* op. 81a.

Though Brendel brought no special insights on Tuesday, there were good things, mostly in the second half. The soaring, turbulent op. 22 [redacted] tightly argued; its *Allegretto* [redacted] had clarity and elegance. [redacted] had [redacted] conclusion, reminding [redacted] – for [redacted] only [redacted] during [redacted] – [redacted] life-affirming [redacted]

The "simpler", [redacted] they [redacted] unremarkable, but [redacted] the [redacted] mannered and [redacted] In op. 14 [redacted] 1 Brendel pulled the [redacted] arpeggios around, [redacted] 2 in [redacted] heavy-handed – [redacted] distorted grotesquely the miniature [redacted] up its [redacted] (they drew spontaneous applause). [redacted] *Pathétique* lacked [redacted] breadth, and detail was [redacted] the breath[redacted] outer movements.

Much [redacted] Brendel's playing [redacted] cantankerous. His intellectualism stifles [redacted] music. [redacted] of [redacted] visionary musicians [redacted] danger of becoming a [redacted]

The [redacted] in San Francisco (April 22), [redacted] Angeles (April 26), Toronto (May 7), [redacted] (May 9), and [redacted] 12).

INTERNATIONAL

ARTS GUIDE

CITY BALLET SPRING SEASON

New York City Ballet opens its Spring season on April 28 with a two-week run of *The Sleeping Beauty*, choreographed by Peter Martins. Repertory also includes 21 works by Balanchine, 13 by Jerome Robbins, five by Peter Martins and one by Richard Tanner.

The company's Diamond Project in late May will showcase the work of 12 choreographers, including Ulysses Dove, Anna Laerkesen, Robert LaFosse and Richard Tanner. For more than 40 years, NYCB has been committed to creating a wide-ranging repertory that shows ballet's imperial heritage as a beginning rather than an end. The company sees the Diamond Project as an additional step in this tradition. The season runs till June 26 (New York State Theater: 870 5860).

American Ballet Theatre can also be seen at the Lincoln Centre from April 25 to June 4. The programme includes Kevin McKenzie's full-length version of The Nutcracker, the world premiere of a new work by Canadian-born choreographer James Kudelka, the company premiere of Lar Lubovitch's A Brahms Symphony and revivals of Anthony Tudor's Echoing of Trumpets and Les Sylphides. There will also be a selection of popular favourites, including Giselle and Swan Lake (Metropolitan Opera House: 362 6000).

■ EXHIBITIONS GUIDE

AMSTERDAM

Rijksmuseum *Dutch Figure Drawings 1700-1850*. Ends May 1. Closed Mon

Van Gogh Museum Pierre Puvis de Chavannes: 150 portraits, still lifes, genre pieces and sketches by the 19th century artist whose murals grace many public buildings in France. Ends May 29. Daily

BASLE

Antikenmuseum Rediscovering Pompei: this internationally-acclaimed touring exhibition of 200 objects includes jewellery, ceramics, statues and household objects, plus a reconstructed garden with mosaics and a room complete with original frescoes, offering insight into daily life in the Roman town. Ends June 26. Closed Mon

COLOGNE

Museum Ludwig The Unknown Modigliani: 240 of the 440 hitherto unknown drawings amassed by Paul Alexandre before 1914. Ends July 10. Closed Mon

Josef-Haubrich-Kunsthalle The World of the Maya: 300 objects from the golden years of Indian culture in Central America. Ends May 15. Daily

FRANKFURT

Deutsches Architekturmuseum Modern Architecture in Germany 1900-1950: Expressionism and the Neue Sachlichkeit. The exhibition, the second of three tracing developments in 20th century German architecture, focuses on the avant-garde architectural utopias of the interwar years, aimed at meeting the needs of an era of political and social turmoil. Ends July 3. Closed Mon

LONDON

Royal Academy of Arts Goya. Ends June 12. Daily (advance booking 071-396 4555)

Hayward Gallery Salvador Dali: The Early Years. Ends May 30. Daily (advance booking 071-928 8800)

Tate Gallery Picasso: 200 works focusing on the relationship between sculpture and painting. Ends May 8. Daily

National Gallery Jacob and his Twelve Sons: a little-known series of [redacted] paintings by 17th century Spanish painter Francisco de Zurbaran. Ends May 22. Daily

British Museum The Study of Italian Drawings: [redacted] tribute to the late Philip Pouncey. Ends April 24. Daily

Whitechapel Art Gallery Medardo Rosso (1858-1928): retrospective of the Italian Impressionist sculptor. Ends April 24. Closed Mon

Serpentine Gallery Markus Raetz: [redacted] selection of refreshingly undidactic paintings by the Swiss conceptual artist. [redacted] April 24. Daily

LYON

Musée des Beaux-Arts The Romantic Movement in France: paintings, sculptures, drawings and engravings from the museum's own rich collection of works by Charlet, Delacroix and others. Ends June 19. Closed Mon and Tues

MADRID

Fundacion Juan March Isamu Noguchi (1904-88): 58 outdoor sculptures expressing the oriental and western cultural traditions inherited by this American artist of Japanese origin. Ends June 26. Daily

Centro de Arte Reina Sofia Joseph Beuys (1921-86): [redacted] installations, 25 sculptures and 456 drawings by the controversial postwar German artist. Ends June 6. Closed Tues

MARTIGNY

Fondation Pierre Gianadda Auguste Rodin: 90 drawings and watercolours and [redacted] sculptures. Ends June 12. Daily

MILAN

Palazzo Reale The Goths: the exhibition aims to shed light on a mysterious people, with new material dating from the first to the fourth centuries, on loan from the St Petersburg Hermitage and museums in Poland, Moldavia and Ukraine. Ends May [redacted]

MUNSTER

Landesmuseum Stangl Collection: 260 paintings collected by the owners of a [redacted] Munich gallery, including works by Klee, Beckmann, Jawlensky and other members of the Blaue Reiter. Ends May 15. Closed Mon

NEW YORK

Museum of Modern Art Frank Lloyd Wright: architectural fragments, [redacted] constructions, scale models and 350 original drawings. Ends May 10. Feininger, Kandinsky and Klee: 75 prints and illustrated books produced by three Bauhaus artists. Ends May 17. Closed Wed

Metropolitan Museum of Art The Decorative Arts of Frank Lloyd Wright. Ends Sep 4. Caspar David Friedrich to Ferdinand Hodler: 19th century paintings and drawings from Germany and Switzerland. Ends April 24. Closed Mon

Guggenheim Museum Frank Lloyd Wright's Designs for the Guggenheim Museum. Ends May 20. The main museum is [redacted] on Thurs, the SoHo site on Tues

NUREMBERG

Germanisches Nationalmuseum The Praun Kabinett: 130 German and Italian drawings ranging from Dürer to Caracci, recalling the art collection of a discerning 16th century Nuremberg merchant. Ends May 15. Closed Mon

PARIS

Grand Palais The Sun and the Northern Star: the fascination which Louis XIV exercised in 18th century Europe is reflected in the paintings, porcelain, furniture and silver imported by Gustav III of Sweden in an attempt to emulate the splendour of Versailles. Ends June 13. Closed Tues

Hôtel de Ville Nicolas de Staël: 70 paintings and 40 drawings from private collections, by the Russian-born, French-trained non-figurative artist who committed suicide in 1955. Ends June 19th. Closed Mon (Salle Saint-Jean, [redacted] rue de Lobau)

Mona Bismarck Foundation Early Italian Peoples: pottery, jewellery, bronze statuettes and arms, showing the diversified artistic expression of the inhabitants of central and southern Italy 3000-300 BC. Ends May 17. Closed Sun and Mon (34 quai de New York)

Louvre Egypt's Role in Western Art 1730-1930. Ends April 18. Closed Tues

Petit Palais Art of the Tainos Sculptors: 85 pre-Columbian masterworks in stone or wood. Ends May 29. Closed Mon

Centre Georges Pompidou The City, Art and Architecture in Europe 1870-1993. Ends May 9. Closed Tues

Institut du Monde Arabe Syria, Memory and Civilisation: this well-preserved didactic exhibition takes us from the Stone Age to the flowering of city states, from Hellenistic times to Byzantium and Islam. Ends April 30. Closed Mon (1 rue des Fossés Saint-Bernard)

PRAGUE

Prague Castle Riding School Czech Modernist Art 1890-1918: a survey of the evolution of Czech art from the turn of the century to Cubism. Ends May 23. Georg Flegel (1566-1638): retrospective of one [redacted] Europe's earliest specialised still-life painters. Ends May 8. Closed Mon

Kinsky Palace Fairy-tale Motifs in Czech Art around 1900: the exhibition shows that fairy-tale illustration was not just an accompaniment to the text, but [redacted] medium for the human dream of the mystery of life and triumph of good. Ends [redacted] 22. [redacted] of the 1950s: 100 plans, models, photographs and drawings recalling the style of Social[redacted] Ends May 22. Closed Mon

STUTTGART

Staatsgalerie Picasso: [redacted] rare showing of 400 prints from a private collection, including portraits, still-lifes and many other themes. Ends June 19. Weisskunig: 250 woodcuts chronicling the era of the late 15th century Hapsburg emperor, Maximilian I. Ends May 1. Closed Mon

VENICE

Chiesa San Bartolomeo Tintoretto: 15 religious paintings from Venetian churches. Ends May 1. Daily

Palazzo Grassi Renaissance Architecture from [redacted] to Michelangelo: 250 works from European and American public collections. Ends Nov 6. Daily

WASHINGTON

National Gallery of Art Egon Schiele: 70 works by the leading figure of Austrian Expressionism. Ends April 24. Ruth Benedict Collection: [redacted] prints and drawings by Rembrandt, Canaletto, Tiepolo, Moore and others. Ends June 12. Hans Hemling's St John the Baptist and St Veronica: two panels by the late 15th century painter from Bruges. Ends May 15. Ornament in European Graphic Art 1300-1800: works by Watteau, Dürer, Piranesi and others. Ends Aug 21. Daily

Arthur M. Sackler Gallery Korean Arts of the 18th Century. Ends May 15. Daily

National Museum of American Art Thomas Cole: 70 works by the father of the Hudson River school of painting. Ends Aug 7. Daily

The axemen slumber

UK public spending is being curbed. Or is it, asks James Blitz

A year [redacted], UK government [redacted] were promising a furious *fight to* [redacted] *public* expenditure any way they could. *What happened* [redacted] *this* much-heralded review [redacted]

Last April, as official fore[redacted] projected [redacted] public [redacted] borrowing requirement of £50bn for [redacted] the Treasury announced one [redacted] of Budget tax [redacted] prepared [redacted] unveil another in November. Departments were told to curb running [redacted] and pay levels, and in November's Budget, which combined [redacted] and spending [redacted] for the first time, [redacted] total [redacted] about £15bn *was lopped off the spending* commitments [redacted] Whitehall departments [redacted] the [redacted] financial [redacted] starting 1994-95.

But [redacted] ambitions [redacted] Mr John Major's government did not [redacted] a one-off balancing of the books. It launched a campaign to reverse the growth in public spending over the longer term, with "fundamental expenditure [redacted] departmental spending [redacted] would [redacted] beyond traditional attempts to match [redacted]nue and expenditure.

The reviews, announced with panache by Mr [redacted] Portillo, chief secretary [redacted] the Treasury, would think [redacted] unthinkable [redacted] departmental policies, starting with [redacted] departments [redacted] security, education and health, [redacted] the Home Office.

Their task [redacted] whether [redacted] particular *programme* should remain [redacted] *state's responsibility* [redacted] whether [redacted] could [redacted] squeezed. The goal, [redacted] Mr [redacted] Lilley, [redacted] social security secretary, put it, was to ensure that [redacted] growth in [redacted] state [redacted] not outpace [redacted] nation's ability [redacted] for it.

One year on, [redacted] review system [redacted] waning. [redacted] *conclusions* have been published [redacted] few *ministers talk about the process*. There is [redacted] rolling *programme of departments* under scrutiny – employment, transport, and trade and industry were among those ministries added this year.

But this week, [redacted] cabinet ministers held their first meeting of the current spending round. Treasury officials warned that public spending would still easily overshoot projections made for the current financial year. Mr Norman Lumont, the former chancellor who helped set up the reviews, speaks as if they have already been buried, saying "they should [redacted] be *forgotten*". And rightwing Tory backbenchers believe the government has [redacted] to [redacted] *reviews* [redacted] *public spending*.

"There [redacted] *feeling* [redacted] colleagues that [redacted] reviews [redacted] run [redacted] of steam," [redacted] Tory [redacted] "If you look [redacted] the cuts in spending [redacted] in [redacted] last [redacted]get, they were in holding down running [redacted] public sector pay. There weren't enough *signs* [redacted] *for services* [redacted] being questioned."

Ministers take pride [redacted] aspects of [redacted] review process. They claim that the review of [redacted] social security department [redacted] playing a significant role in containing the long-term growth of an [redacted] annual budget. Legislation [redacted] year [redacted] replace unemployment benefit with a "jobseekers allowance", will help social security officials target benefits [redacted] precisely. So too will the replacement of invalidity benefit with incapacity benefit (bringing a more objective test of applicants' fitness) and the abolition of the subsidy paid to large companies to cover the cost of statutory sick pay.

"These [redacted] already in *our sights,*" [redacted] *Treasury* [redacted] "But [redacted] not got [redacted] *out properly*, certainly [redacted] they [redacted] yield [redacted] Exchequer. [redacted] review [redacted] through in full."

[redacted] clear [redacted] achieved [redacted] The education review [redacted] encouraged [redacted] shift [redacted] student grants [redacted] loans; [redacted] Office *review* [redacted] studied whether private finance [redacted] *to help* [redacted] *prisons* – a move that found [redacted] way [redacted] proposals by [redacted] Howard, [redacted] home secretary. But both [redacted] examples represent an extension of existing policies, not radical departures. And many [redacted] of heavy spending [redacted] untouched – for instance, the National Health Service drugs budget.

As the Treasury official explains, many of the ideas in the reviews "have helped us [redacted] be more demanding over running costs rather than producing identifiable policy changes".

Why has the impact been so *variable? Partly it is because* the reviews are led by the department concerned. Treasury officials on review steering groups can insist that radical, cost-saving options are studied. But departments are not forced to meet pre-set targets and can approach the reviews in their own way.

Results, therefore, depend on the political outlook and skills of the cabinet minister heading each department. As a Thatcherite minister with a clear cost-cutting agenda, Mr Lilley has been keener on securing results. But elsewhere the Treasury has met obstacles from departments reluctant to force difficult measures through a House of Commons where the government has a slim majority. Mr Lilley himself has encountered problems, for instance, over the operation of the Child Support Agency, which is intended to cut the cost of state support for single parents.

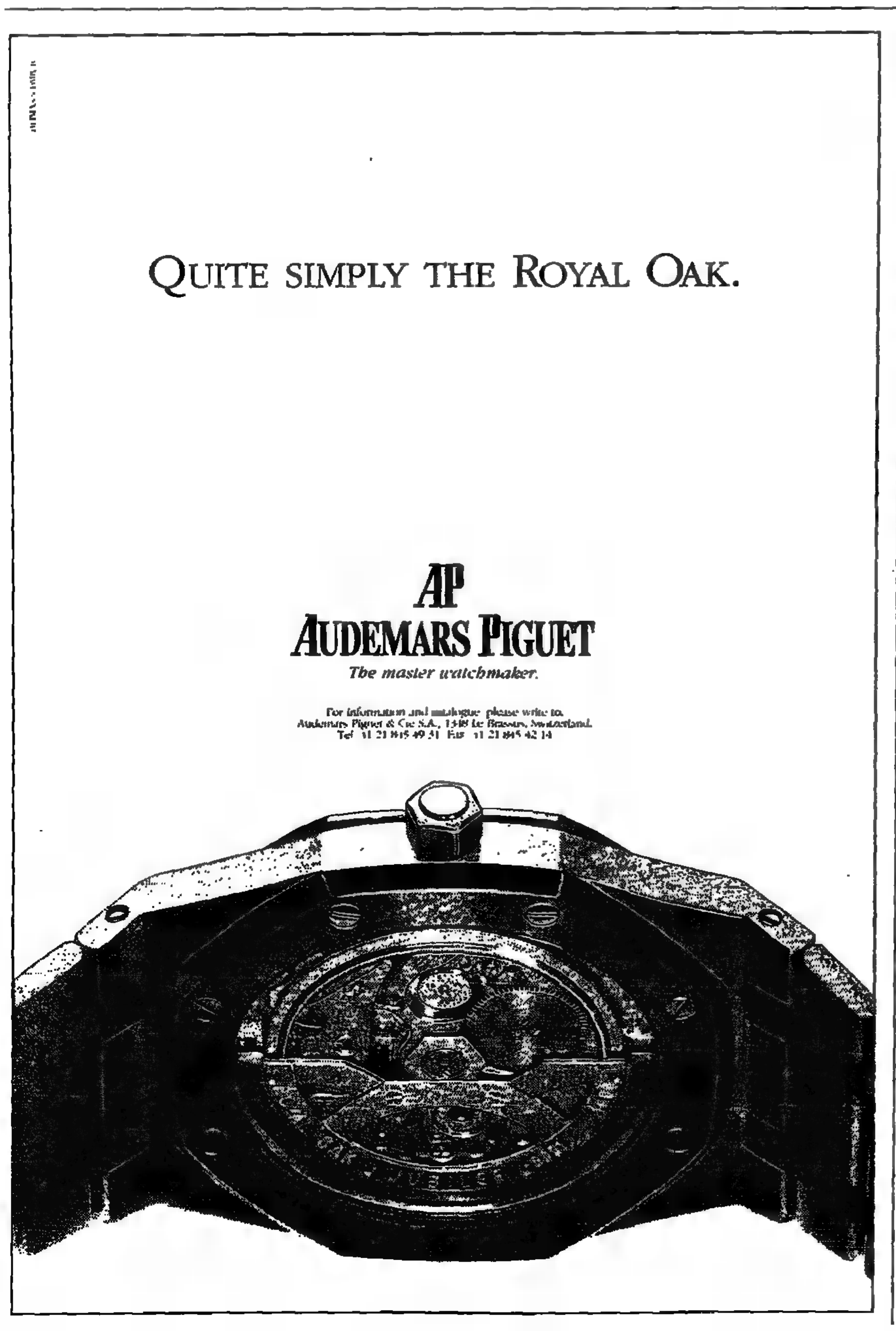
What can realistically be expected from the reviews over the coming year? There are some obvious targets: the Treasury is scrutinising the cost of running Britain's courts, looking for ways to reduce the time spent in handling divorce petitions, civil liability cases and insurance claims. A job-saving merger of Inland Revenue and Customs and Excise operations is being considered. *But these* budgets make up a small part *of the overall spending cake.*

Whether more sweeping cuts can be achieved in this November's Budget, or over coming years, will depend on the determination of Mr Kenneth Clarke, the chancellor, to push his cabinet colleagues into renewing their *commitment* to reduce public spending.

In a recent speech, Mr Clarke said he was seeking a tough spending round this year, and *threw his weight behind the* reviews.

[redacted] *speculation* about a leadership contest in the autumn, the centre-left [redacted] Clarke may [redacted] appealing for support [redacted] rightwing Tory backbenchers. [redacted] chancellor [redacted] knows that the fragility of [redacted] economic recovery [redacted] he cannot loosen his grip on public spending – particularly if he is looking [redacted] tax cuts before the [redacted] general election.

Those who believe the UK's public spending [redacted] spun out of control must hope [redacted] prize of tax reductions will concentrate the [redacted] of ministers and officials, as they scrutinise the minutiae of departmental [redacted]



Joe Rogaly

Lead not into temptation

Now that spring has come I remain undisturbed by news that some chief executive or other is taking home sterling or dollars in sacksful. Most people do not receive seven- or even six-figure salaries, [redacted] is no [redacted]son to envy those who do. Some [redacted] it. [redacted] luck to [redacted] high [redacted] becoming [redacted] political [redacted] spread on the "10 greediest bosses", with pictures. [redacted] captions [redacted]tained [redacted] tabloid's calculations of [redacted] villains' [redacted] packages, [redacted] comprehensible weekly *amounts*. [redacted] suspects [redacted] there – [redacted] Hunt, chairman of MFI (£31,423 a week); [redacted] (£27,744); [redacted] march of the Prudential (£13,865) [redacted] Rupert Murdoch, proprietor, [redacted] from [redacted] gallery.

The chancellor *of the* exchequer, who [redacted] *of* [redacted] *Newmarch, disapproves of* some of [redacted] executive sal[redacted] paid by [redacted] companies. [redacted] expressed the wish [redacted] leaders would [redacted] "a [redacted] level of restraint". The prime minister, questioned in [redacted] Commons, concurred, [redacted] subject [redacted] a matter *for* [redacted] government. This [redacted] "a [redacted] capitalist country in [redacted] companies determine their wages", [redacted] *said*. [redacted] *Lady* Thatcher [redacted] job, [redacted] also *supported voluntary limits*. That is clearly as far as the present Conservative government [redacted] go.

[redacted] may [redacted] be far enough. Average incomes [redacted] increasing slowly, if at all. Most employees worry about losing their jobs. This early post-recessionary atmosphere is [redacted] one [redacted] which it [redacted] comfortable for highly rewarded [redacted] to take the salary *and* the bonus, cash in [redacted] options, and run. US President Bill Clinton demonstrated during his 1991 campaign that politicians can win votes by attacking [redacted] seem to be [redacted] executive salaries. There may even be an advantage in promising tax [redacted] the very top. The [redacted]ulty comes when the election is over. Congress has voted to put a $1m a year ceiling [redacted] corporate [redacted] executive remuneration. [redacted] reaction from [redacted] tax-avoidance industry [redacted] disappointment that [redacted] provision *is so easy to circumvent*. It spoils the fun. You do not need to use stock options [redacted] $1m cap. Playing with definitions of an [redacted] bonus scheme will suffice.

> **The current atmosphere is not one in which it is comfortable for CEOs to take the salary and the bonus, cash in the options, and run**

[redacted] would [redacted] foolish to attempt a similar restriction in Britain. [redacted] employ[redacted] almost literally worth their weight in gold. [redacted] Peter [redacted] a week in Sun money) [redacted] of [redacted] Royal [redacted] Peter Wood, no [redacted] Line. Everyone in finan[redacted] services [redacted] of this or [redacted] contribution is as unique as that of a named [redacted] entertainment *business. Specialists,* [redacted] exceptional ability who work *exceptionally* hard, de[redacted] rewards. The undeserving [redacted] are, however, both obvious and sad. We [redacted] all think [redacted] certain well-known former nationalised industry [redacted] who privatised their [redacted] their enterprises [redacted] they became chauffeur-driven executives. Have they no sense of decorum?

There is *a theoretical* curb on such behaviour in quoted companies. *The Cadbury* code on corporate governance provides for remuneration *committees* of non-executive directors. These are supposed to keep the managers honest. In fact they are probably doing more harm than good, according to Mr *Stanley* Wright, *a* former civil servant who has spent much of his career *in the* City. His case is made in a pamphlet *published by the* Social Market Foundation* yes*terday. Remuneration committees*, he says, "are confronted *with confusing surveys*, largely prepared by 'human [redacted]' or 'management selection' firms, [redacted] only emphatic [redacted] are that [redacted] trend [redacted] strongly upwards and [redacted] of benefit is becoming 'normal'."

Mr Wright approaches *management* theory in much [redacted] as public choice theorists analyse the behaviour of officials. Executives, hirelings of the shareholders, think they own the companies they are paid to manage. Self-[redacted] everyone. [redacted] when they persuade [redacted] *is* [redacted] for overpaid generalists; [redacted] take [redacted] lunches [redacted] convinced. [redacted] *quoted by Mr* Wright, [redacted] joint stock companies being [redacted] people's [redacted] than [redacted] their own, it [redacted] will be expected [redacted] they [redacted] over [redacted] with [redacted] vigi[redacted] with [redacted] partners in [redacted] private copartnery frequently watch over [redacted] own."

So what else is new?

Quite a lot, if Mr Wright has his way. He would have each director's remuneration and benefits published in greater detail than Cadbury suggests. This would be enforced by law, *not* a voluntary code. Directors should be re-elected by the *shareholders* every two years. The maximum legal compensation for unexpired contracts should be cut from five years *to two*, rather than the three in the Cadbury code. That would limit failed CEOs' termination pay-offs. Non-executives [redacted] be able to report directly to the shareholders, and to comment on directors' remuneration for the current year. To encourage shareholders to use this additional power, dividends should not be paid unless votes representing at least 75 per cent of the shares have been cast on all resolutions at an annual general meeting.

*There are many such recom*mendations. They all shift the balance of power towards institutions as responsible shareholders. Mr Wright rejects both the German bank/stakeholder system, and the Japanese consensual model as either out-of-date or alien to the Anglo-Saxon culture. He regards the notion of empowering more individual [redacted] as [redacted] "romantic muddle". He would tighten takeover rules. That would curb the temptation to grow by acquisition, *which*, he argues, rarely benefits the buy*ing companies'* shareholders. In sum, his proposition is that "a powerful body [redacted] institutional shareholders has become [redacted] essential for shareholder sovereignty". He may be on to something. If the government does not perceive the need for thinking about his argument, [redacted] opposition might. One day, perhaps, Labour will [redacted] from [redacted] long sleep.

**Two* [redacted] *for the Institu*[redacted] *20* [redacted] *Anne's Gate, London SW1H 9AA, £10*

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and [redacted] hand written. Please [redacted] finest resolution

Tecs: not so easy, not so bad

From Mr Gregory Hyland.

Sir, Lisa Wood [redacted] highlighted [redacted] key issues in her article on training and enterprise councils ("Carnage of [redacted] in Tecs battle", April 13 [redacted] edition, April 15 international). I see none [redacted] the exist[redacted] Tec chief executives was [redacted] to comment, and neither were the 35 who have left. Not really surprising, since there is no shortage of people who feel free to point out how Tecs [redacted] be [redacted] better, without [redacted] same time having the trou[redacted] need to have tried it out [redacted] themselves.

The issues [redacted] far [redacted] complex [redacted] your article suggests, [redacted] the problems of Oldham Tec cannot [redacted] generalised [redacted] the Tec system. Not all those who have departed [redacted] pushed out. In my [redacted] case I *resigned because I felt too* much time [redacted] negotiating [redacted] *with civil* servants, and not enough [redacted] getting [redacted] job done. In [redacted] sounds [redacted] noble, I [redacted] earn significantly [redacted] in [redacted] new role. Others [redacted] for differ[redacted] reasons. Does the head-count include those chief [redacted]utives who [redacted] in post, or [redacted] who had to bow [redacted] nervous [redacted]

Make no mistake, the job [redacted] be done by Tecs is [redacted] They are attempting to reverse more than a century of national [redacted] decline, [redacted] to combat deeply entrenched positions. The weight of [redacted] implicit in [redacted] falls [redacted] the shoulders [redacted] the Tec [redacted] executive, and it is [redacted] the most demanding jobs around. But it is wrong to suggest that [redacted] or failure [redacted] on [redacted] chief executive alone. Tecs need to move into a [redacted] sophisticated and effective mode, [redacted] the [redacted] Tec boards [redacted] starting with their [redacted] development.

Those who [redacted] doing [redacted] job of Tec chief executive [redacted] are [redacted] greatly admired and deserve [redacted] strongest public support, but much [redacted] than *an individual will* [redacted] for [redacted]

Gregory Hyland,
managing director,
The Condor Group,
PO Box 24,
Princes Risborough,
Buckinghamshire HP27 0LD

From Mr Roger Young.

Sir, Your report [redacted] the departure of [redacted] chief executives of the new [redacted] More than a third are said to have resigned or been sacked since Tecs were established four years ago. The high turnover is ascribed to failures in the recruitment policy of Tec [redacted]

Surely it is more worthy of [redacted] that two-thirds [redacted] incumbents are still in their posts four [redacted] later? This degree [redacted] stability is [redacted] within the private sector: the same edition [redacted] departure of [redacted] American [redacted] the [redacted] of UK companies [redacted] eight [redacted] a half [redacted] and a half years. Our research, tracking the [redacted] moves [redacted] more than 1,000 [redacted] 10 years, [redacted] that the [redacted] of a management job [redacted] *close* [redacted] a long time in management.

Roger Young,
[redacted] *general,*
The Institute of Management,
3rd Floor, 2 Savoy Court,
Strand,
London WC2R 0EZ

Nigeria firm in resolve against drug trafficking

From Alhaji Abubakar Alhaji

Sir, [redacted] been drawn to your report, "Nigeria accused over drugs" (April 5), alleging official collusion in drug trafficking by some Nigerians.

The Nigeria High Commission wishes to state emphatically that, contrary to the erroneous impression contained in the report credited to Mr Robert Gelbard, the US assistant [redacted] of state for international [redacted] the government [redacted] the Federal Republic [redacted] Nigeria has [redacted] in [redacted] determined effort to combat drug trafficking and has put in place adequate legal mechanisms stipulating stiff penalties with a view *to deterring* [redacted] trafficking of drugs. Indeed, in *a summary of a report* No 432 submitted to the US Congress, Nigeria was acknowledged and I quote: "The government (Nigeria) [redacted] not [redacted] a matter [redacted] policy [redacted] production or distribution [redacted] drugs or [redacted] money laundering."

Therefore, [redacted] by [redacted] said US official is, [redacted] the least, most unfortunate since [redacted] government [redacted] Nigeria has readily co-operated [redacted] foreign governments [redacted] in fact, [redacted] assistance that has led [redacted] the apprehension and prosecution of many drug traffickers. It is, therefore, surprising [redacted] the [redacted] US department [redacted] *commended* [redacted] *arresting* [redacted] turning over [redacted] American law enforcement authorities some suspected drug traffickers wanted in [redacted] US should now, for political [redacted] turn around [redacted] unsubstantiated allegations against the government.

It should be recalled that, when the government [redacted] *Nigeria* demonstrated [redacted] for drug trafficking by *imposing capital punish*ment [redacted] a [redacted] for such offences, it had to rescind that decision following an international outcry.

Nevertheless, I would like to [redacted] for the [redacted] doubting [redacted] that [redacted] Nigeria remains open [redacted] from friendly governments and stands ready [redacted] co-operate with all and sundry on ways and means to combat [redacted] global drug [redacted]

Alhaji Abubakar Alhaji
(Saradauna of Sokoto),
High Commissioner,
Nigeria House,
[redacted] *Northumberland* [redacted]
London [redacted] *5BX*

Obsession not shared

[redacted] Osman Streater.

Sir, [redacted] – but not, it would [redacted] *your leader writer* ("Follow [redacted] Fed", April 14) – [redacted] a [redacted] should be erected [redacted] unknown journ[redacted] who recently gave us the phrase "inflation nutter" [redacted] obsessive tendencies [redacted] people [redacted] as [redacted] governor [redacted] of England.

[redacted] phrase also applies [redacted] former [redacted] chancellor of [redacted] exchequer who opined that unemployment, bankruptcy and repossession [redacted] was "a price well worth paying" for reduced inflation. Perhaps it [redacted] applies [redacted] prime minister, [redacted] soon [redacted] discovering what the [redacted] electorate [redacted] of [redacted] view that "if [redacted] isn't hurting, it isn't working".

[redacted] you should [redacted] surprised to [redacted] your [redacted] that "the [redacted] step [redacted] greater central [redacted] is welcome" [redacted] *universally shared*, even [redacted] people who have [redacted]aged to hang on [redacted] house. [redacted] job. Instead, how about compulsory resignation [redacted] unelected governors, [redacted] enforced [redacted] rates [redacted] by [redacted] total of one percentage point during [redacted] term [redacted]

Osman Streater,
Savile Club,
69 Brook Street,
[redacted] *W1Y 2ER*

Gummer policies will not improve urban life

From [redacted] *Orchard-Lisle.*

Sir, John Gummer, [redacted]tary of [redacted] for [redacted] environment, [redacted] much [redacted] his *intention* [redacted] *promote* [redacted] as [redacted] right place [redacted] shopping developments. As a concept his thinking deserves support, [redacted] delivery [redacted] a separate matter.

[redacted] would have little [redacted] plain about if his [redacted] be defeated by [redacted] shopping public [redacted] by retailers. [redacted] it [redacted] department and his neighbours at [redacted] Department of Transport [redacted] policies are the [redacted] likely [redacted] destroy [redacted]

Mr Gummer's [redacted] in [redacted] to markets. High [redacted] retailers and shopping [redacted] compete for [redacted]sumers' spending [redacted] – the [redacted] accessible [redacted] pleasant will [redacted] the winner.

That is [redacted] crux [redacted] prob[redacted] Department of Transport [redacted] no money for big road [redacted] in town centres, and [redacted] Department [redacted] the Environ[redacted] *that money* col[redacted] for [redacted] uniform business rate will [redacted] be returned to the local authorities [redacted] them to improve shopping environments, [redacted] such as car parking, or public transport networks.

[redacted] this [redacted] Mr Gummer's policies should be [redacted] for what they [redacted] – protection [redacted] countryside and not the advancement of urban life.

Paul Orchard-Lisle,
[redacted]
Healey [redacted] *Baker,*
29 [redacted] *George Street,*
Hanover Square, [redacted]

Quality standard good discipline

From [redacted] *Hasler.*

Sir, As [redacted] quality manage[redacted] consultant dealing [redacted] large *number of* [redacted] *professional practices*, I [redacted] with many of the [redacted] expressed in your article, "Seeking [redacted]redibility [redacted] *quality standards*" (April 12). It [redacted] fact that many [redacted] being forced by [redacted] to comply with BS 5750, [redacted] of course they will [redacted] looking [redacted] achieve certification [redacted] simply [redacted] quickly as they [redacted]

However, almost without exception, our clients have found that [redacted] discipline *imposed by formalising* procedures and the feed-back and review stipulated by the [redacted]dard has [redacted] improvements to internal management efficiency and to the quality [redacted] *service being provided.*

Richard Hasler,
Hasler:Collins Partnership,
Red Lion House,
Mill Lane, Stony Stratford,
[redacted] *Keynes* [redacted] *1BQ*

FINANCIAL TIMES
Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700
Friday April 15 1994

Sizing up the watchdogs

[redacted] inherent conflict [redacted] the [redacted] of shareholders and consumers in privatised [redacted] makes it inevitable [redacted] there will be a continual [redacted] about regulation. It is, at present in Britain, a rather noisier debate than usual. Not only have some utilities been calling for a radical overhaul of the regulatory regime; two leading institutional investors, Prudential and Barclays de Zoete Wedd Investment Management, are pressing water companies [redacted] the Monopolies and Mergers Commission if [redacted] regulator's new price limits turn out [redacted] be tough. Sir Bryan Carsberg, director-general of fair trading, has now [redacted] over-ambitious [redacted] of the system. On the whole, Sir Bryan has [redacted].

While shareholders and consumers have both done [redacted] out [redacted] the [redacted] privatisation, it [redacted] who have had the better deal. The government was insufficiently ambitious, early on, in introducing competition into hitherto monopolistic industries; pricing formulae did not take into account the full scope for efficiency gains. [redacted] that [redacted] pricing arrangements have been tightened and increased competition brought to bear, both management and investors feel uncomfortable. That is precisely what ought to be happening. There is no reason why customers should, in the words of Mr Ian Byatt of Ofwat, find themselves on 'an endless price escalator'. Nor should the utilities be an engine of inflation in the wider economy.

Regulatory improvement

That is not to say that there is no room for regulatory improvement. The regulators [redacted] quently been accused of a lack of openness in [redacted] deliberations over the industries' affairs. That, admittedly, could not be said of Mr Byatt in his protracted and well [redacted] review of prices. Indeed institutional [redacted] would not be in a position to question his methodology if it had been otherwise. But there remains a wider question about formalising procedures for disclosure and scrutiny of the regulatory process.

Mr John Baker, chief executive of National Power, has argued in the Financial Times for a clearer definition of the role and objec[redacted] of regulation, together with a quick appeals procedure [redacted] an [redacted] hoc panel [redacted] MMC. He and others [redacted] the replacement [redacted] a single regulator with [redacted] tribunal of between three and five members, along with the creation of a single joint utilities regulator and a monitoring process to measure regulatory performance against goals.

Greater transparency

It [redacted] hard [redacted] disagree with [redacted] proposals that call for transpar[redacted]. In capital intensive indus[redacted] with long investment payback periods [redacted] a premium on predictability and [redacted] reduction of regulatory risk. Whether wider upheavals are called for is [redacted] more contentious issue.

In practice the supposed 'cult of personality' among the watchdogs, which [redacted] probably [redacted] in the early days [redacted] privatisation, when powerful industrial barons were reluctant to submit to a new regulatory [redacted] on [redacted] wane. It is [redacted] obvious [redacted] be great synergy in combining the regulation of industries as differ[redacted] [redacted]mmunications and water. A fruitful dialogue between the regulators already exists; and there is a risk that an element of competition between the different watchdogs, a benefit of the present diversity, would be lost.

Moreover, an all-powerful, high-profile regulatory giant might be more susceptible to political pressure than the present plurality of watchdogs. The same worry would arise with tribunals if their membership was open to the representatives of specific interests. A fast track appeals procedure to the MMC has more appeal. But the danger here might be that the [redacted] trench [redacted] conflicting interests would become institutionalised in a destructive fashion.

On balance the present system has worked surprisingly well, avoiding the standard pitfalls of regulatory capture and excessive legalism of the kind that dogs US utilities regulation. A steady evolution thus looks more desirable at this stage than a radical overhaul. But the legitimacy of the evolutionary approach [redacted]uld be enhanced by a regular review of the regulatory process. The Office of Fair Trading is the appropriate body for this task.

Ukraine adrift

The results of the Ukrainian elections could be worse, but not much. There has appeared no Ukrainian Zhirinovsky who would lead the country in a quest [redacted] national purity and inevitable war with Russia. The communists and their allies are not likely to be [redacted] majority in the parliament after a third round of voting. Conflicts over the Black Sea Fleet and the Crimean peninsula are so far localised and are being managed, albeit with many alarms.

But the results have shown a country divided and confused over several central issues. Where the previous parliament and presidency were unable to agree on anything and reluctant to confront each other, the new assembly threatens to make matters significantly worse. The country lacks a modern constitution, relying on a patched-up Soviet document which leaves moot the vital matter of division of powers. President Leonid Kravchuk, who over the past three years has at least provided some stability and continuity – at the cost of an insupportable inertia on economic or any other reform – has dithered fatally over his future intentions. He is now demanding a strong presidency as his condition for standing for re-election, a condition unlikely to be granted him by the new Rada.

Ukraine's disputes with Russia – over the Black Sea Fleet, the status of Crimea, the supply of Russian gas and the payment of Ukraine's vast debt to Russia – are coming to a head at the same time as the parliamentary results are coming in. All demand very tough decisions from a power structure now even less capable of making them. The dominant view in the parliament probably favours closer ties with Russia and an attempt to revive the old command economy. But the west of the country has [redacted]turned a number of deputies who are intransigently hostile to such a strategy and who could become not just a fierce opposition but a prey to extreme, even violent strategies.

Complete collapse

Economics overshadows everything. In Ukraine the official figures show complete collapse. Even correcting these with the unreported and apparently quite large "black" sector, the economy is in a crisis so deep that any effort to reform it will not produce a significant improvement in miserable general living standards for some years to come – an approach which has no political champion.

Grea[redacted] priority

Is there anything the west can do about all this? Only [redacted] the edges. The trilateral agreement between Russia, Ukraine and the US on the despatch to Russia of nuclear weapons stationed in Ukraine in return for enriched Russian uranium has so far worked well, and might provide a model for the solution of other conflicts. The newly evident concern by western countries, particularly the US, to give Ukraine greater priority in assistance, diluting the former policy of "Russia first", should be continued. The international financial institutions, which have been engaged in largely fruitless dialogues with the Ukrainian authorities for more than two years, are clearly anxious to lend if they can find a glimmer of hope for continued reforms like that which the International Monetary Fund found in Russia. But with these important if limited exceptions, foreigners can only sit and watch.

The most important outside determinant of Ukraine's future will be Russia. So far, it has been relatively restrained – always willing to strike an agreement and avert a showdown. Even this week, with tensions running high over the Black Sea fleet, the response has been to send a senior delegation for talks in Kiev.

Russia would be wise to continue [redacted] show restraint. However inflamed local [redacted] become, Moscow has a strong interest in preventing them from spreading and in making an accommodation with its much weaker neighbour. This means finding mechanisms to deal with the debt and a workable compromise on the Black Sea fleet. Above all, it means not giving encouragement to those on the Crimean peninsula who agitate for union with Russia. It may be a tall order for a harassed nation, but unless it is filled, the danger of outright conflict, with incalculable consequences for Europe, can only grow.

A fortress would be no defence

Europe must choose decentralisation and liberal trade, not harmonisation and protection, argues Martin Wolf

"[redacted] we [west Europeans] take it for granted [redacted] will remain sufficient leaders in a sufficient number of [redacted] survive – in the face of countries with populations infinitely larger [redacted] ours and with levels of social protection infinitely smaller? I say [redacted] should leave this to the market, [redacted] only up to [redacted] certain point. What [redacted] market? [redacted] is the law of the jungle, the [redacted] of nature. And what [redacted] civilisation? It [redacted] the struggle against nature."

Edouard Balladur, prime minister of France, Financial Times, December 31 1993.

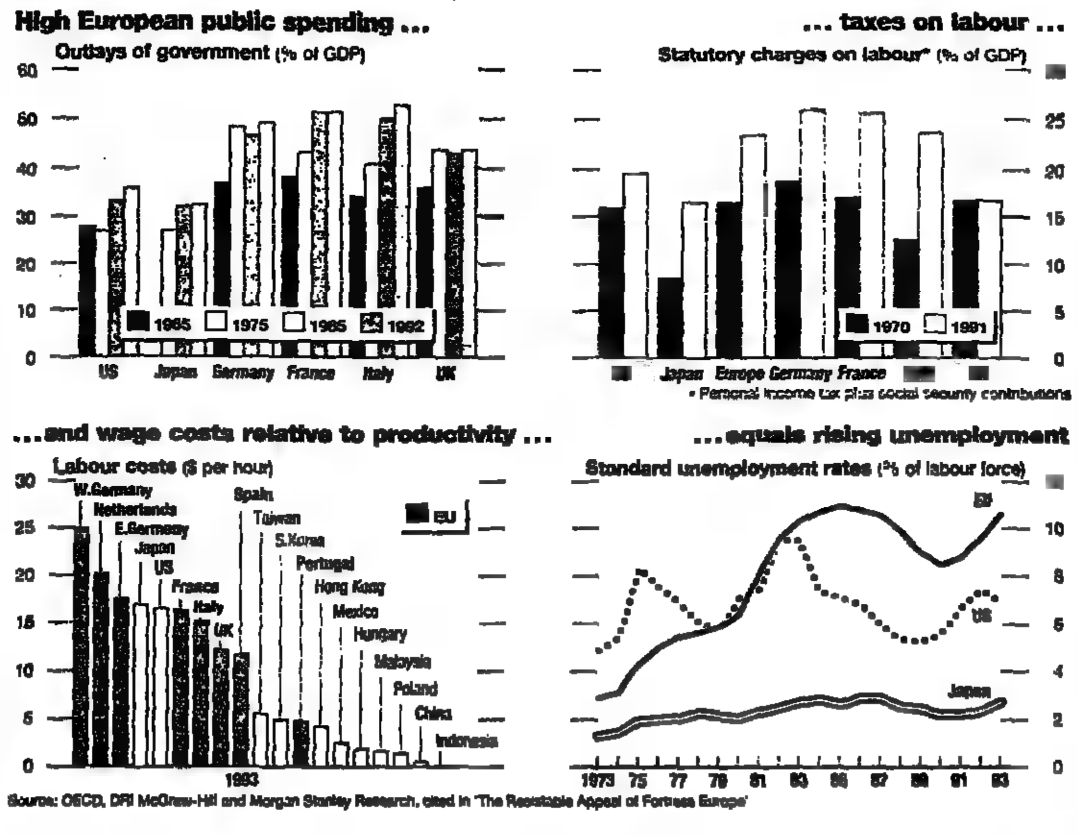
Mr Balladur's very French perspective on the relation between market and state is wrong. It [redacted] partly because the mar[redacted] is [redacted] sophisticated mechanism, whose functioning depends on civilised social restraints. If anything, it is the [redacted] that needs to be civilised. In the European Union, treaty articles enshrining principles [redacted] competition [redacted] the chosen way to contain the destructive proclivities of European nation states. To [redacted] happens when [redacted] try [redacted] "civilise" the market, [redacted] at the common agricultural policy, which has created a trading jungle.

Mr Balladur's view [redacted] more than wrong. It is also dangerous. The collapse [redacted] communism offers a unique opportunity [redacted] develop [redacted] and liberal global economy. As the world's largest single trading entity, the EU [redacted] play a central [redacted] in securing [redacted] opportunity. The question [redacted] whether [redacted] will. If [redacted] much attention [redacted] fears voiced by Mr Balladur, it will not.

Historically, the [redacted] approach [redacted] international [redacted] been [redacted] compromise which [redacted] labelled "managed liberalism". In this, [redacted] largely followed the US, combining large [redacted] in aver[redacted] with [redacted] introduction [redacted] non-tariff barriers [redacted] on measures [redacted] contingent protection, [redacted] as anti-dumping.

The special feature [redacted] policy [redacted] self-righteous pursuit of "fairness"; in EU policy, [redacted] has [redacted] an [redacted] discrimination. To [redacted] EU on a most-favoured basis is, in fact, to be among [redacted] partners. Fortunately, the damage [redacted] discrimination has been limited by EU participation in major [redacted] negotiations, [redacted] recent being [redacted] Uruguay Round, finalised in Marrakesh today. [redacted] agreement [redacted] the US to liberalise public procurement announced this week is [redacted] example.

That is the past. What [redacted] future? Unhappily, powerful [redacted] push the post-Maastricht-treaty EU in a more protectionist direction. There are three closely related [redacted] a [redacted] to [redacted]tain the forces [redacted] policy competition among states; growing pressure from a dynamic world [redacted] faltering European one; and the [redacted] cementing a [redacted] European political identity.



Source: OECD, DRI McGraw-Hill and Morgan Stanley Research, cited in 'The Resistible Appeal of Fortress Europe'

European [redacted] impose relatively high [redacted] regulations on their [redacted]. The share [redacted] public [redacted] in gross [redacted] product [redacted] France [redacted] Germany [redacted] some [redacted] percentage points higher than in Japan, for example. Similarly, direct taxation [redacted] labour in these two states is some 25 per cent of GDP, [redacted] 15 per cent in Japan. High [redacted] stiff [redacted] are [redacted] by [redacted] movement [redacted] goods, [redacted] and factors [redacted]. This [redacted] why regulatory har[redacted] a [redacted] of the Maastricht treaty. Countries with high taxes and regulatory standards insist [redacted] be [redacted] by poor coun[redacted] which they [redacted] freely. [redacted] compensate them [redacted] they [redacted] required [redacted] bear. But [redacted] logic demanding [redacted] harmonisation [redacted] the [redacted] of that principle [redacted] or, failing that, plain protection.

Liberal [redacted] multiplies [redacted] and visibility [redacted] policy-induced distortions. In [redacted] EU, [redacted] most important [redacted] lie in the labour market. Unemploy[redacted] been [redacted] cycle-by-cycle [redacted] two [redacted]. Worse, [redacted] 1960 and 1993, employment [redacted] by almost 90 per cent in [redacted]ica, by well over [redacted] per cent in [redacted] and [redacted] a mere 10 per cent in the EU. [redacted] still, while 80 per [redacted] employment growth in North [redacted] the [redacted] two decades has been in the private sector, two-thirds of what little growth there has been in the EU has been in [redacted] public [redacted]. Many of [redacted] jobs. They [redacted] transfers. Growing supplies of labour-intensive [redacted] threaten [redacted] worsen [redacted] employment problem.

Finally, there is the aim of political integration. [redacted] European [redacted] divided by language, culture and historical sympathies. How are they [redacted] be [redacted] Historically, mercantilism – [redacted] combination [redacted] free trade with protection [redacted] borders – helped [redacted] similar barriers in [redacted] emerging European nation states. Nothing would be more natural than for a nascent European super-state [redacted] enhance integration by underplaying internal differences and empha[redacted] external ones. This could be justified by [redacted] regain eco[redacted] sovereignty [redacted] lost [redacted] states.

[redacted] are such pressures [redacted] be resisted? Partly by argument. The starting point must be [redacted] costs of protection. Perhaps the most significant [redacted] damage to export performance done by inward-looking liberalisation. [redacted] 1980 and 1991 the value of the EU's internal [redacted] in manufactures [redacted] 167 per cent, but its external exports increased only by [redacted] per cent, far behind the increases of 129 per cent [redacted] by the US and 146 per cent by Japan.

It [redacted] no less important to understand that harmonisation [redacted] not a precondition for liberal trade. Rather, diversity should be welcomed as a potential source of gains. This is partly because competition among different regulatory regimes constrains the [redacted] by making the effects of its interventions more transparent. But diversity [redacted] a reflection of differences among countries in their wealth, resources [redacted] values.

Even [redacted] about low-wage labour must [redacted] kept in perspective. Trade has had less effect [redacted] earnings [redacted] unskilled than [redacted]nology. More important, protection [redacted] an ultimately self-defeating way of preserving unskilled labour's earnings. Far [redacted] would be a mix[redacted] of more investment [redacted] with [redacted] to – [redacted] – [redacted] labour.

A Europe [redacted] harmonisation, of regulation, of centralised political [redacted]sion-making [redacted] likely [redacted] become a protectionist Europe. The logic urging harmonisation of labour [redacted] demands their worldwide extension. Policies leading [redacted] perfor[redacted] prompt [redacted] for protection [redacted] border. Finally, political integration may [redacted] reinforcement [redacted] a [redacted] Europeans are [redacted] minority described by Mr Balladur.

The EU [redacted] economically [redacted] it [redacted] member [redacted] more [redacted] policies. [redacted] large economic [redacted] important [redacted] gain, [redacted] the [redacted] high [redacted] tiny Singapore [redacted] Taiwan with [redacted] poverty [redacted] suggests. [redacted] not justify self-sufficiency. Europe's [redacted] must [redacted] decentralisation and liberal trade, [redacted] harmonisation and pro[redacted]. On that depends [redacted] future [redacted] struggling economy. [redacted] that, too, depend [redacted] for harmonious economic development worldwide.

The Resistible Appeal of [redacted] Europe, by [redacted], is [redacted] jointly today by the Centre for Policy [redacted], [redacted] Rochester [redacted] SW1P 1JU, and the American Enterprise Institute for [redacted], 1150 Seventeenth [redacted], N.W., Washington DC 20036.

Breaking the spiral of corruption

PERSONAL VIEW

Transnational bribery in pursuit [redacted] arms deals, large construction projects and even [redacted]sultancy contracts [redacted] a growing phe[redacted] in [redacted] global [redacted]. In the UK [redacted] been [redacted] furore [redacted] by allegations about the Pergau Dam affair. [redacted] less [redacted] though, was paid in 1993 to the "Foxley" case, in which an official in the Ministry of Defence was found guilty of having accepted £1.5m in bribes (in 1984) from armaments companies in Italy, Germany and Norway.

In Europe until the 1990s indirect or direct corruption of officials and politicians in the south by companies in the north was considered a part of the "cultural norm" of the south.

Some companies avoided the phe[redacted] by insisting [redacted] "no bribes" internal [redacted] conduct; multilateral development institutions chose to believe that the bidding procedures they required client countries in the south to use were foolproof.

Such [redacted] are bolstered throughout the European Union by provision for all transnational [redacted] be tax deductible when [redacted] as [redacted] expenditure [redacted] the generation [redacted] business, [redacted] by [redacted] "extra territoriality", by which national [redacted] cannot [redacted] pursued [redacted] in [redacted]. Yet, nationally, nearly all EU [redacted] states have made bribery [redacted] public offi[redacted] companies) [redacted] activity [redacted] century. In [redacted], the [redacted] passed tough legislation placing transnational bribery on the [redacted] criminal footing as [redacted] bribery in [redacted].

[redacted] double-think in [redacted] EU [redacted] Japan) [redacted] no longer [redacted]. First, the global market regulated by the General Agreement on Tariffs and [redacted] requires a [redacted] and [redacted] standards if [redacted] assumptions [redacted].

[redacted] impeachments [redacted] presidents [redacted] and Brazil and [redacted] political [redacted] Japan and Italy [redacted] potentially disastrous effect of widespread corruption on political and economic stability.

Third, the growth of multi-party [redacted] in [redacted] one-party [redacted] placed the [redacted] high on the political agenda in many [redacted] the south and the "east". Finally, [redacted] link between corruption and non-development, particularly in Africa, is [redacted] longer contes[redacted].

The key, as with drugs trafficking, is to recognise business bribery as an international crime

What can be done? The key, as with drugs trafficking, is to recognise business bribery as an international crime. Transnational bribers could then be pursued either in the courts of their home country, [redacted] in the courts of the country where the briber [redacted] influence [redacted] making, or in [redacted] third country where the bribe may have been paid. Inter[redacted] conventions – as with the 1988 Council of Europe convention on [redacted] laundering – are designed to ensure [redacted] possibility [redacted] global action and such [redacted] convention [redacted] prepared by a [redacted] of [redacted] and [redacted] of [redacted] UN in [redacted], but [redacted] in the [redacted] Assembly. It [redacted] revived.

[redacted] immediately, OECD govern[redacted] support tough [redacted]sures in [redacted] current OECD working party [redacted] illicit practices which will [redacted] month [redacted] recommendations to minis[redacted] of finance. The [redacted] members of [redacted] OECD, strengthened by the judi[redacted] provisions of the [redacted] Treaty, could move rapidly [redacted] legis[redacted] against [redacted] bribery [redacted] the EU and negotiate [redacted] agreements with other countries. [redacted] leaders [redacted] Group [redacted] leading [redacted] countries, meeting in June, [redacted] pledge their commitment to [redacted] UN and/or Gatt [redacted]. Multilateral and bilat[redacted] aid [redacted] a global code [redacted] conduct for aid con[redacted]tors.

All of these [redacted] a combination [redacted] some of them, would make it [redacted] reform-minded political leaders [redacted] an [redacted] stand. [redacted] is currently an assumption [redacted] large [redacted] can [redacted] completed in many [redacted] south without a [redacted] being paid. This assumption can only be broken with the co-operation [redacted] north, which reform-minded [redacted] in [redacted] south [redacted] actively seeking.

Such co-operation [redacted] achievable, and [redacted] no [redacted] in [redacted]. In [redacted] medium [redacted] increase world gross [redacted] product by reducing [redacted] of [redacted] large investment projects by up [redacted] cent, [redacted] reducing [redacted] return [redacted] international [redacted]. It would also be [redacted] significant [redacted] in the development [redacted] a global busi[redacted] ethic, [redacted] a positive global business environment.

Laurence Cockcroft

[redacted] is a [redacted] of Transparency International, the Ber[redacted] anti-corruption organisation

OBSERVER

Not bossed about

■ Bewilderment in the wake of Lancer Boss's decline into receivership is nowhere greater than at the company's Spanish subsidiary Boss España. Employees at the factory in Barcelona complain they have been left not only in the dark but also without a boss. Their two senior managers, both British, have not been seen since the receivership decision on Friday. Thomas Gray, production director, and James English, financial chief, are reckoned to have done a bunk to the UK.

For want of any further instructions, the company's 180-strong workforce is dutifully carrying on producing trucks - while trying to talk to Grant Thornton. The receivers however maintain that the Spanish operation is not itself in administration, and that the UK company would like to establish a commercial relationship with Boss España as a separate entity. Only problem is, with Barcelona Boss remains bossless, who does Leighton Buzzard Boss deal with? Even the receiver had to admit that it was [redacted] "complex" situation.

Unfrocked

■ Strange stirrings at National Westminster Bank. Nearly 75 years after one of its predecessors, National [redacted], welcomed Coutts & Co, the Queen's bankers, into its fold, NatWest has decided to try and exploit one of the best brand names in private banking. David Went, the 47-year-old boss [redacted] NatWest's Ulster Bank, has been catapulted in above Ian Farnsworth, the [redacted] chief executive of Coutts [redacted] Co, and Jean-Pierre Cuoni, the ex-Citibanker running Coutts' international operations, to be the first ever group chief executive of Coutts. There is even talk that the new boy will not don the traditional frock coat, standard uniform for Coutts' managers for the last 300 years.

Dream house

■ Spotted in the accommodation to rent columns of The [redacted] Daily Press: Little Snoring, 3-bed semi det house, sfch, garden, carport, £240 pcm. Ring Gotobed. Who else?

Honk honk

■ Should HSBC shareholders be concerned about this week's defections from Midland Global Markets? Vib Baxi, who had made a lot of money for the bank's own account in last year's obligingly bullish fixed income markets and Gerry Reynolds, who was mysteriously put in his place as head of proprietary trading last December, [redacted] both packed their bags, destination unknown.

'I want to fund the Tory party'

There's been a wrangle about bonuses, but some in the City are convinced that there are some possible hefty losses too. MGM would hardly be alone if it had dropped a cent or two in the first quarter of this year, [redacted] time of extraordinary volatility ever since the Federal Reserve raised its rates. But clearing banks are not supposed to behave in quite the rash way hedge funds do. Whether or not Baxi and colleagues are have suffered what the rumour mongers [redacted] people who earn bonuses on positions that subsequently turn sour, can expect unsympathetic glances [redacted] their palls.

The HSBC [redacted] sheet has easily accommodated some spectacular losses in the past. But it might be worth shareholders raising the odd question at the annual meeting on May 27.

Burundi Bill

■ Of course, Bill Clinton would never say a bad word in public about Bob Krueger. Sure, the former senator from Texas, appointed to fill Lloyd [redacted] seat, often voted against his president, though both are Democrats. True, Krueger got thrashed by Kay Bailey Hutchison last year, giving the Lone Star state far too Republican a look and the Senate a smaller Democratic majority. Such political adroitness is deserving of its own special rewards: thus Bob Krueger has just been nominated as the next US ambassador to Burundi.

Bolshie Boris

■ The man from Ivantheterribleograd – Vladimir Zhirinovsky – is under fire from Boris Fyodorov, Russia's pugnacious former finance minister. Fyodorov is renaming his 26-member 'December 12' parliamentary faction the 'Liberal Democratic Union' – not a million miles away from Vlad the impaler's 'Liberal [redacted] Party'.

"Somebody has to challenge him," says Fyodorov, narked that Zhirinovsky's party name connotes values somewhat removed from its [redacted] ideology. [redacted] hopes that [redacted] the 1996 [redacted] the [redacted] Union – from confusion if not conviction.

[redacted] adds: "I'd [redacted] Zhirinovsky try [redacted] hit me," recalling [redacted] previous punch-ups, including [redacted] his allegedly queue-jumping in the parliament's restaurant.

Zhirinovsky clearly espouses free market attitudes nowadays. In France yesterday, having lost his cap [redacted] a meeting of the Council of Europe, he advised the thief "not to sell it straight away, because the price of my hats will increase enormously in the near future."

Conductor choice

■ The privatisation of British Rail promises to spawn a whole new generation of excuses. Under the previous regime clear explanations were rarely given for things going wrong, thus avoiding the need to point the finger of blame at anyone in particular. No longer. When the 19.50 Waterloo to Portsmouth Harbour left a few minutes late the other night the "senior conductor" explained to passengers – now travelling courtesy of South West Trains – that the delay was due to the signalman [now employed by Railtrack] having made a mistake and let the 19.53 Bournemouth train out first.

FINANCIAL TIMES
Friday April 15 1994

Troops shell Tuzla and threaten UN forces

White House and Nato warn off Bosnian Serbs

By Edward Mortimer and Laura Silber in [redacted]

The Bosnian [redacted] stern warnings from the White House and Nato yesterday [redacted] troops threatened [redacted] UN compound near Sarajevo with a tank, and [redacted] the safe haven [redacted] Tuzla.

The UN [redacted] Serb forces moved in [redacted] French [redacted] UN depot [redacted] Krivoglavci, just [redacted] Sarajevo, and tried [redacted] heavy [redacted] surrendered in February [redacted] part [redacted] deal to avert air [redacted]

[redacted] shelling [redacted] Tuzla, seen [redacted] a direct challenge [redacted] the UN commander, General Sir Michael Rose, [redacted] down [redacted] US, British, French and Dutch aircraft buzzed the Serb positions.

The [redacted] that it still had a mandate to make air [redacted] against heavy [redacted] in the Sarajevo area. Nato [redacted] in [redacted] air and ready [redacted] strike, one US official said.

[redacted] Bill Clinton [redacted] the [redacted] would [redacted] making [redacted] if they [redacted] UN or [redacted] personnel as combatants.

He [redacted] them [redacted] trying to "leverage their position" by detaining UN staff in Serb-controlled territory.

The [redacted] on Tuzla, [redacted] UN-designated [redacted] in north-eastern Bosnia, [redacted] direct challenge to [redacted] Rose, who this [redacted] prompted [redacted] to carry out air [redacted] against the Serb [redacted]

The airport [redacted] cially provocative target. Three [redacted] the [redacted] declared it open [redacted] relief supplies to central Bosnia, but no aid flights [redacted] yet landed [redacted] on having their [redacted] monitors [redacted] the spot – [redacted] demand rejected by the [redacted] government.

Tuzla [redacted] of [redacted] region of [redacted] still [redacted] government control.

In Belgrade, the local [redacted] of the United [redacted] High [redacted] sion for Refugees reported mounting harassment, with [redacted] thrown [redacted] premises and [redacted] slashing [redacted] tyres [redacted] smashing [redacted] of UNHCR [redacted]

The [redacted] also [redacted] bomb threats, [redacted] a [redacted] pistols [redacted] she was about [redacted] be inter- [redacted] by [redacted] television [redacted]

[redacted] Owen, the EU mediator, [redacted] yesterday [redacted] shelling of Tuzla "can only [redacted] provocation".

[redacted] speaking on [redacted] Ukrainian [redacted] taking him [redacted] UN colleague, Mr [redacted] Stoltenberg, [redacted] UN headquarters in Zagreb. They were returning [redacted] with Mr Radovan Karadzic, [redacted] Bosnian Serb leader, in his [redacted] stronghold of Pale, and with Gen Rose in Sarajevo, where 4,317 [redacted] troops [redacted] other personnel are [redacted] by [redacted] checkpoints.

[redacted] difficulty [redacted] reaching [redacted] airport from Sarajevo, [redacted] Serbs [redacted] with containers, so [redacted] party [redacted] detour through [redacted] of Dobrinja, [redacted] they [redacted] by [redacted] jam [redacted] UN vehicles.

Shopping lists come in for new world trade body

By Frances Williams in [redacted]

The 120-plus [redacted] ministerial meeting of the General Agreement on Tariffs and Trade in Marrakesh have begun to set the agenda for future trade negotiations – even before the formal signing today of the Uruguay Round world trade accords.

After nearly eight years' labour on the Uruguay Round, ministers are presenting shopping lists for the new World Trade Organisation to be set up next year.

They are establishing one committee which will be charged with preparing items for the WTO's initial work programme, and another with a wide-ranging brief to examine links between trade and the environment.

This week's meeting highlights the preparatory committee's delicate task in striking a balance in the WTO's agenda between the [redacted] rich [redacted] poor nations, and in cutting the list to manageable proportions.

Pressure from industrialised countries, led by the US, to make worker rights a priority has antagonised developing countries and sparked calls for negotiations on many issues, from labour mobility to company law.

Arguing that rich nations stand to corner the lion's share of Uruguay [redacted] benefits, developing [redacted] alternative agenda. [redacted] ministers have urged discussion of [redacted] mobility, restrictive business practices of multinational corporations, commodities [redacted] fluctuating exchange [redacted]

Developing countries [redacted] stronger WTO mechanisms [redacted] help [redacted] expand export capacity and [redacted] compensate [redacted] losers through aid [redacted] relief.

Meanwhile, [redacted] European Union, the [redacted] and [redacted] proposed [redacted] on competition policy, Japan [redacted] regional [redacted] on the agenda, and Italy wants to examine harmonisation of company and commercial law.

On trade and the environment, developing countries were eventually won over by assurances in the new [redacted] they [redacted] no [redacted] guised protectionism under environmental cover.

Agenda takes shape, Page 8

THE LEX COLUMN

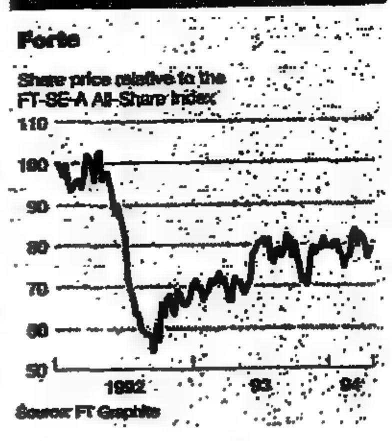
Hostage to fortune

[redacted] allowing [redacted] Bundesbank's [redacted] wrong-footing financial markets, the timing of yesterday's discount rate cut is difficult to fathom. With money supply and inflation figures due next week, the central bank *appears to have made itself a hostage* to fortune. Perhaps the authorities already have an inkling of the likely data. Either way, the collapse of the [redacted] property empire is [redacted] reminder of the pain still being suffered by [redacted] companies and banks. While there does not appear to be any systemic danger arising from the collapse, that may have been enough to swing the council behind a quarter-point cut.

The worry for financial markets accustomed to half-point cuts is that a smaller reduction might signal the beginning of the end. By setting a variable rate repurchase tender next week, the Bundesbank appears to be signalling that money market rates will drift lower for the time being. The 70 basis point gap between the money market repurchase and discount rates leaves plenty of room for that. If the central bank expects inflation to fall below 3 per cent in the second half of this year, real interest rates will rise without further action. Lower short rates will also be required to shepherd investors out along the yield curve, as the Bundesbank remains keen to do.

Such arguments point to a gently falling repurchase rate for some time yet. [redacted] reaction of [redacted] foreign exchange [redacted] yesterday – [redacted] actually strengthened against [redacted] presents no [redacted]

FT-SE Index: 3131.7 (-14.1)



Forte

The good [redacted] trading has finally started [redacted] improve, [redacted] hotels [redacted] *occupancy rates have risen and the* bargain hunters are being squeezed out. The bad news is that there is a long way still to go before the company is lifted off interest cover of just 1.8 times. Even after last year's reduction, the dividend is still not covered by earnings before exceptional items. The annual results show the cash position remains tight. Indeed there would have been a substantial outflow in 1993-94 without the impact of disposals, lower capital spending and last year's enhanced scrip dividend.

Forte argues, probably rightly, that it can live with this situation a while longer. There is [redacted] to come and the company has yet to reap the full benefits of its new management structure. Capital spending will have to rise this year, though, and that in turn will have to be financed by disposals. At least the write-down of its hotel portfolio, which is in striking contrast with Queens Moat's upwards revaluation, will add to its flexibility in selling surplus hotels. Forte could even afford to finance any Meridien deal with debt by ear-marking the proceeds from an eventual sale of its remaining minority stakes in Alpha Airports Group and Gardner [redacted]

But this still leaves the impression of living from hand to mouth. It requires an act of faith to believe that Forte will achieve [redacted] worthwhile return on assets or that it will trade its way out of debt. Having sold its cash-generative catering [redacted] the group is more [redacted] A historic multiple of more than 35 before exceptionals leaves no room for error.

Blue Circle

[redacted] results add further [redacted] last to the argument that the company took the wrong route in the late 1980s by diversifying into [redacted] products. The vibrant profits growth in heavy building [redacted] provides a [redacted] contrast [redacted] the lacklustre [redacted] in home products, [redacted] operating margins are only half those attained elsewhere. The £11m burn mark resulting from Blue Circle's failed [redacted] into incineration equipment [redacted] up a fresh embarrassment.

[redacted] only has diversification dulled [redacted] group's [redacted] it [redacted] meant the company has [redacted] to expand its international cement interests, slipping steadily down the global rankings over the past decade. Global scale is certainly not an absolute prerequisite for [redacted] Local market dominance is perhaps a more critical determinant of profitability. But the strong performance of Blue Circle's cement businesses in Chile and Malaysia shows how it is actually rather good at finding fruitful expansion avenues overseas.

The relatively new management can hardly be blamed for past mistakes. Indeed, it now exhibits a commendable determination to make existing assets work harder. Volume and price *rises for cement* in the US and the UK should push profits strongly [redacted] The hope is that [redacted] cost-cutting efforts in home products should bear fruit thereafter. Perhaps that would be the moment to demerge the division altogether and [redacted] efforts [redacted] doing what Blue Circle does best.

Axa

After yesterday's solid full-year figures, it might seem strange that Axa has underperformed the French equity market by 20 per cent in the last six months. The profits recovery at the Equitable of the US is stronger than expected when Axa bought its 49 per [redacted] 1991. In Europe, the cyclical upswing in insurance markets is starting to help. Since insurance premiums are still rising in France, and Axa's London market operation is only just climbing back into profit, the [redacted] some [redacted] run.

[redacted] by buying into [redacted] Equitable, Axa now generates [redacted] per cent [redacted] its premium [redacted] in [redacted] US. The impact [redacted] rising [redacted] rates on the Equitable's life insurance business – and Donaldson Lufkin & Jenrette, the [redacted] bank which contributed *most of last year's* [redacted] *profits* – is [redacted] reason for caution. The optimistic forecasts which pushed Axa's shares ahead last year have now been scaled back.

Besides, while stock and bond markets are falling, investors are probably more concerned with asset values than earnings. Last year's bull market in bonds more than offset a FFr4bn write-down in the value of Axa's property portfolio. But while the pain in property has now been taken, falling securities markets are still a threat. Until the shadow of a global bear market has been lifted, Axa will probably continue to trade at a substantial discount to net assets.

Virgin-Delta link-up offers UK lever on 'open skies'

By Paul Betts, Aerospace Correspondent, in London

The UK government is expected [redacted] use Virgin Atlantic's [redacted] Delta Air Lines [redacted] a lever [redacted] revive "open skies" negotiations with [redacted] US.

The [redacted] walked away from [redacted] in January after rejecting [redacted] proposals for [redacted] gradual three-stage liberalisation of air services between the two countries. Washington insisted on immediate access for all US carriers into London's Heathrow airport.

But the partnership announced this [redacted] by Virgin and Delta, the third-biggest [redacted] carrier – which [redacted] been vigorously [redacted] paigning [redacted] gain access into Heathrow – appears [redacted] *strengthened Britain's* [redacted] bringing [redacted] US [redacted] to [redacted] tiating table.

[redacted] John MacGregor, UK transport secretary, is expected [redacted] hold preliminary [redacted] with Mr [redacted] Peña, his [redacted] counterpart, *during* [redacted] *days* [redacted] Virgin-Delta deal.

[redacted] governments must [redacted] commercial partnership between Virgin [redacted] Delta, which [redacted] give [redacted] carrier [redacted] Heathrow through ticket code-sharing [redacted] seats-sale agreements with Virgin.

The UK [redacted] likely to insist [redacted] approval for [redacted] code-sharing will hinge on resolving [redacted] broader issues in the stalled "open skies" negotiations between [redacted] countries.

[redacted] MacGregor is [redacted] expected [redacted] make [redacted] proposals to the US to resolve the current deadlock in the [redacted]

The [redacted] is seeking the relaxation of [redacted] on foreign *ownership of US* [redacted] well [redacted] wider access into [redacted] US domestic market. It has so far not been prepared to [redacted] up immediate access to all US carriers into Heathrow, which under the existing regime can only be *served by United Airlines* [redacted] American Airlines.

British Airways [redacted] to [redacted] existing code-sharing agreements with USAir, [redacted] financially [redacted] sixth-largest US carrier.

Virgin [redacted] last night it [redacted] had contacts [redacted] the UK government [redacted] before announcing its deal with Delta, which in turn had discussions with Mr Peña.

"We feel very confident that [redacted] deal will [redacted] approved because [redacted] in the interest of consumers as well as for both the [redacted] and UK airline industries," Mr Richard Branson, Virgin chief, said last night.

It said its reciprocal frequent-flyer [redacted] agreement with [redacted] *an agreement to share* airport facilities [redacted] its new US partner did not require government approval.

BA fare cuts, Page 9

Leipzig counts cost of Schneider fall

[redacted] from Page 1

In other [redacted] Mr Schneider approached former [redacted] ers who had been forced to flee [redacted] Germany before or during the [redacted] world [redacted] One of them was the Bamberg family, now living in Canada, [redacted] had once owned a large clothes shop [redacted] the Königsbau, in the theatre quarter.

"Mr Bamberg had the right to get his property back," said another city official. "When Mr Schneider heard about this man returning, he offered Mr Bamberg a price which I think he found difficult to refuse - and I believe above the market rate at the time. The thing is that Mr Schneider then had to jack up *the rents to cover the purchasing and renovation costs.*"

As Mr Schneider raised rents, prices in the property market, which went through a boom in 1991 and 1992, started to fall.

According to Jones Lang Wootton, which [redacted] 120,000 [redacted] metres of property on its books in Leipzig: "Top rents have come down from the peak achieved for [redacted] letting in 1991 [redacted] *more sustainable DM35-DM40* [redacted] square metre."

Bundesbank

Continued from [redacted]

rates.

Mr Tietmeyer said there [redacted] no need to abandon the M3 measure of broad money supply as the central bank's [redacted] important indicator of medium-term inflationary developments.

The development of M3 would [redacted] *studied carefully* in the months ahead.

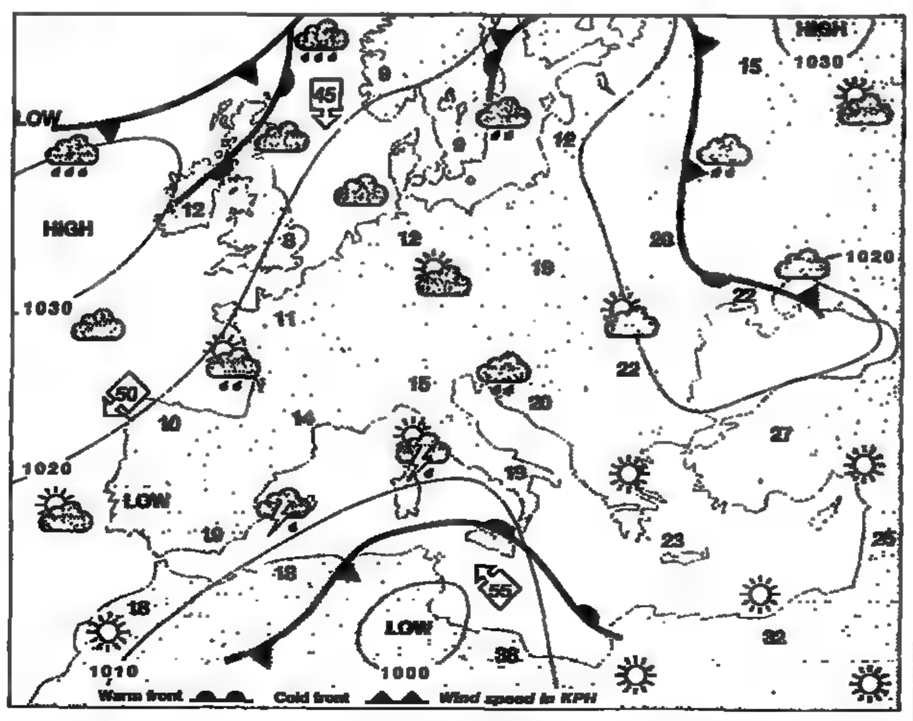
FT WEATHER GUIDE

Europe today

Strong high pressure, just west of Ireland, will be dominant throughout Europe today. Low pressure on the continent will bring showers or steady rain. Northern parts of Italy, including Corsica and Sardinia, will get outbreaks of showery rain and thunder storms will move in from the south. Western parts of France and the Benelux will have mainly light showers. The UK will stay mostly dry with occasional sunshine, although a warm weak front will bring some drizzle in the north-west. Norway and Sweden will be dry with sunny spells, while Finland and the Baltic States will have rain or showers. Portugal and Greece will be dry and sunny, but thundery [redacted] will develop over southern and south-eastern Spain.

Five-day forecast

Low pressure will spread from southern Europe slowly northward. By Sunday or Monday, most countries on the continent will likely get showers or outbreaks of rain. *Eastern parts of Europe will stay very warm* with scattered afternoon thunder storms. The UK, as well as the Iberian peninsula, will stay mostly dry.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	fair	34
Accra	cloudy	33
Algiers	cloudy	18
Amsterdam	cloudy	11
Athens	sun	23
Atlanta	thund	29
B. Aires	sun	28
B.ham	shower	9
Bangkok	fair	36
Barcelona	fair	14
Beijing	sun	26
Belfast	fair	12
Belgrade	fair	24
Berlin	fair	13
Bermuda	fair	25
Bogota	shower	20
Bombay	sun	36
Brussels	fair	11
Budapest	fair	21
C.hagen	hazy	10
Cairo	sun	28
Cape Town	fair	24
Caracas	cloudy	32
Cardiff	fair	10
Casablanca	fair	18
Chicago	rain	20
Cologne	fair	12
D' Salaam	fair	33
Dakar	fair	22
Dallas	fair	22
Delhi	sun	37
Dubai	fair	33
Dublin	fair	11
Dubrovnik	thund	20
Edinburgh	cloudy	12
Faro	fair	20
Frankfurt	fair	12
Geneva	cloudy	10
Gibraltar	shower	19
Glasgow	cloudy	13
Hamburg	cloudy	10
Helsinki	rain	10
Hong Kong	cloudy	28
Honolulu	fair	26
Istanbul	sun	21
Jersey	shower	9
Karachi	fair	33
Kuwait	sun	34
L. Angeles	fair	22
Las Palmas	sun	21
Lima	fair	28
Lisbon	fair	19
London	shower	9
Lux.bourg	cloudy	10
Lyon	cloudy	11
Madeira	sun	19
Madrid	cloudy	13
Majorca	fair	17
Malta	shower	22
Manchester	fair	10
Manila	cloudy	35
Melbourne	cloudy	16
Mexico City	fair	25
Miami	fair	30
Milan	cloudy	16
Montreal	sun	21
Moscow	cloudy	16
Munich	cloudy	10
Nairobi	fair	26
Naples	thund	20
Nassau	fair	29
New York	fair	25
Nice	fair	15
Nicosia	fair	31
Oslo	fair	10
Paris	shower	11
Perth	cloudy	26
Prague	cloudy	12
Rangoon	fair	36
Reykjavik	shower	4
Rio	shower	28
Rome	shower	19
S. Frisco	fair	20
Seoul	sun	23
Singapore	cloudy	33
Stockholm	rain	5
Strasbourg	cloudy	11
Sydney	shower	17
Tangier	cloudy	19
Tel Aviv	sun	29
Tokyo	fair	20
Toronto	fair	26
Vancouver	shower	12
Venice	shower	15
Vienna	fair	18
Warsaw	fair	17
Washington	fair	26
Wellington	fair	23
Winnipeg	cloudy	10
Zurich	cloudy	10

صكرا من الاهل

FINANCIAL TIMES

COMPANIES & MARKETS

Friday April 15 1994

IN BRIEF

Falling prices hit Belgian steelmaker

The crisis in the European [illegible] industry [illegible] highlighted yesterday when [illegible] Sambre, Belgium's largest steelmaker, [illegible] loss of BFr6.5bn ($184m) for [illegible]. The [illegible] falling [illegible] and sales. Page 20

Audi drops into the [illegible]
Audi, the performance car division of Volkswagen, reported a 1993 [illegible] DM89m [illegible] from a DM172m profit the previous year. Page 20

IBM to make Intel chip clones
[illegible] Business Machines [illegible] to [illegible] clones [illegible] Intel's microprocessors designed by Cyrix, a Texas semiconductor company. Page 21

JP Morgan falls in [illegible] quarter
J.P. Morgan, [illegible] banking group, [illegible] reported a 20 per cent fall in [illegible] quarter [illegible] income, mainly because of a sharp drop in revenues from trading in global financial markets. Page 21

Crédit Lyonnais confident
[illegible] Lyonnais, the [illegible] state-owned [illegible] bank, [illegible] achieve a capital adequacy ratio in excess of the minimum international [illegible] before it is privatised, Mr Jean Peyrelevade, the [illegible] president, [illegible] yesterday. [illegible]

BSkyB [illegible] £500m
British Sky Broadcasting [illegible] venture, [illegible] raising [illegible] of non-recourse [illegible] finance to [illegible] it to repay [illegible]. Page 22

Aegis losses deepen to £18m
Aegis, the London-based holding company of Europe's largest media-buying and planning [illegible], has announced 1993 pre-tax losses of £18m ($26.3m), compared with restated losses of £11m for 1992. The group also confirmed that Mr Michel Lefebvre, [illegible] financial officer, would [illegible] leaving "in due course". Page 23

Laura Ashley rises 40%
Laura Ashley, the fashion retailer, was tight-lipped about the sudden departure of its chief executive as it announced a 40 per cent increase in pre-tax profits to £3m ($4.4m). Page 23

Sour notes on sugar bid
The Tully and South Johnstone sugar mills in Queensland have stickers on their buildings saying: "Crush the Tate & Lyle bid". Inside, managers are lobbying local shareholders who hold the key to the UK sweetener group's offers, worth A$121m (US$85m) by phone. Page 24

Holiday Inn plans European expansion
Holiday Inn, the hotel chain owned by Bass, the UK brewery and leisure group, hopes to open more than 100 of its budget hotels, Holiday Inn Express, in Europe. Page 25

FT Gold [illegible] Index
The FT Gold Mines Index Committee has announced that Ashanti Goldfields appears likely to meet the eligibility requirements of the FT Gold Mines Index after its scheduled public listing on April 26. Page 26

Companies in this issue

Market Statistics

Chief price changes [illegible]

FRANKFURT (DM)				**PARIS (FFr)**			
Rises				**Rises**			
Aachen Mch Reg	1215	+	35	AGF	570	+	14
KHD	150.5	+	4.3	Elf Aquitn Cts	350	+	[illegible]
Falls				[illegible]	5300	+	180
Bilf & Berger	[illegible]	-	26	**Falls**			
Holzmann Ph	820	-	35	Cap Gemini S	170.9	-	9.1
Lindgos-Hall	378	-	17	L'Oreal	1187	-	36
Schmalbach Lub	382	-	10	Usinor	541	-	16
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Adobe Systems	[illegible]	+	[illegible]	[illegible]	880	+	25
Chevron	[illegible]	+	[illegible]	[illegible]	397	+	34
Compaq Comp	[illegible]	+	[illegible]	Nagasakiya	852	+	41
[illegible]	[illegible]	+	[illegible]	[illegible]	506	+	26
Falls				[illegible]	394	+	24
[illegible]	[illegible]	-	[illegible]	**Falls**			
Motorola	[illegible]	-	[illegible]	[illegible] Paper	755	-	25

New York prices at 12.30.

LONDON (Pence)							
Rises				[illegible]	143	+	26
Acorn Computer	58	+	5	Vardy (Reg)	205	+	13
Baldwin	108	+	6	WEW	47	+	4
Bibby (J)	80	+	5	**Falls**			
Dobson Group	119	+	[illegible]	British Airways	425	-	14
[illegible]	360	+	7	[illegible]	71	-	4
[illegible]	[illegible]	+	13	Derwent Valley	598	-	20
[illegible]	[illegible]	+	4	Hunting	215	-	14
[illegible]	161	+	10	Scottish Hydro	380	-	19
[illegible]	[illegible]	+	10	Scottish Power	326	-	[illegible]
Johnson Fry	[illegible]	+	[illegible]	Virtuality	[illegible]	-	[illegible]
Lep Group	272	+	[illegible]	Whessoe (R)	197	-	10
[illegible]	53	+	[illegible]				
[illegible]	[illegible]	+	[illegible]				

Schneider faces fraud allegations

By David Waller in Frankfurt

Deutsche Bank and the Frankfurt prosecutor's office yesterday launched separate legal actions against Mr Jurgen Schneider, [illegible] missing businessman [illegible] the crisis surrounding [illegible] large German property group which [illegible] his [illegible].

Their allegations of fraud added to speculation about [illegible] reasons for [illegible] disappearance on Friday of 59-year-old Mr Schneider.

Deutsche Bank, the biggest creditor [illegible] the property group, alleges Mr Schneider deliberately falsified financial information when seeking a [illegible] for a property development in the Frankfurt city [illegible]. The bank, which [illegible] financed eight of Mr [illegible]der's developments, also alleges Mr Schneider doctored documents when applying [illegible] finance the Zeil-Galerie shopping [illegible] the city [illegible].

The Frankfurt prosecutor's office said Mr Schneider had "obviously fled abroad". [illegible] suggested he told colleagues working at the castle headquar[illegible] the [illegible] Königstein, [illegible] the Taunus hills near Frankfurt, that he was going to Tuscany for Easter.

Creditor banks, owed an estimated DM5bn ($2.9bn), said last night after a four-hour meeting in Frankfurt that there was no future for the various [illegible] units which comprise Schneider. However they committed themselves to an orderly solution, without pushing [illegible] into insolvency.

This would mean the step-by-step sale of some of [illegible] group's properties, the banks said, together with job cuts. The majority [illegible] banks at the meeting [illegible] in favour of a "constructive across-the-board solution" which would preserve [illegible] many jobs as possible. Creditor [illegible] would [illegible] the [illegible].

The bankers [illegible] warning on Wednesday from Chancellor Helmut [illegible] to push the group into bankruptcy, which could [illegible] jobs throughout Germany's major cities.

The group's total liabilities are believed [illegible] be in the region [illegible] DM9bn, [illegible] which [illegible] trade creditors, mainly [illegible] businesses in the construction industry [illegible] face bankruptcy if Schneider collapses.

Reflecting the government's concern about the impact [illegible] the crisis, a taskforce headed by [illegible] Günther Rexrodt, economics minister, [illegible] yesterday to [illegible] the impact of [illegible]der's problems on the [illegible] business [illegible].

The bankers [illegible] the property group's difficulties were not representative [illegible] situation in [illegible] German property market as a whole. They had been [illegible] by "mistakes [illegible] particular to [illegible] company".

Tobacco row forces change to RJR offer

By Richard Tomkins in New York

The barrage [illegible] criticism afflicting the US cigarette industry yesterday forced RJR Nabisco, the US food and [illegible] group that [illegible] Camel and Winston cigarettes, [illegible] embarrassing turnabout over [illegible] $2bn [illegible] offering.

It announced that it [illegible] changing [illegible] terms so [illegible] would be [illegible] into shares [illegible] both the [illegible] and [illegible] if the two were split – not just in [illegible], as previously planned.

The turnabout comes less than a year [illegible] an earlier attempt by [illegible] Nabisco [illegible] spin [illegible] tobacco business foundered.

In February [illegible] RJR [illegible] announced that [illegible] launching an $2bn offer of preferred equity redemption cumulative shares – or percs – to help pay off debt and provide scope for acquisitions.

RJR Nabisco said the percs would be convertible into ordinary shares in the company on a one-for-one [illegible] years. But analysts studying the fine print quickly learnt that if the food and tobacco businesses were split, the percs would convert into tobacco stock.

The day after the offering was announced, [illegible] US [illegible] and Drug Administration released a letter saying it was considering evidence that might lead to cigarettes being regulated as a drug.

This came amid an unprecedented wave of attacks on the industry from politicians, legislators and anti-smoking groups. Yesterday leading industry figures were called before a congressional hearing to answer allegations that they were manipulating the amount of nicotine in cigarettes to make them more addictive.

Many potential investors had made it clear to RJR Nabisco that they would not be interested in subscribing to a $2bn share offering linked so closely to the tobacco side of the business.

RJR Nabisco said yesterday: "Our decision was in response to a desire from investors to participate in both parts of the business. We would not have made this decision unless we felt it was the right thing to do in terms of having a successful offering."

Each perc will now be convertible into one share in the food business and one share in the tobacco side in the event of a split.

Losses at Air France may reach FFr9bn

By John Ridding in Paris

Air France, the French [illegible] airline, [illegible] to announce a loss of between FFr8bn ($1.37bn) and FFr9bn for 1993, substantially higher than previous estimates of a FFr7.5bn deficit, Mr Bernard Bosson, the transport minister said yesterday.

Mr Bosson's estimate, made during a statement to the Senate, the upper house of the French parliament, is the latest increase in losses forecast for the airline. Last September, Mr Bosson said the loss for 1993 would probably be about FFr5.5bn. In 1992, Air France reported a deficit of FFr3.2bn.

The sharp increase in losses reflects the downturn in the international airline industry. But it also reflects the impact of industrial action last October when the carrier was brought to a standstill by a wave of strikes in protest against a rescue plan. The strikes forced the withdrawal of the plan and the resignation of Mr Bernard Attali as chairman.

Air France declined to comment on last year's results ahead of an official announcement, which is expected this month or next. The airline has said that last October's strike cost FFr1.2[illegible] in lost receipts, but the impact of the industrial dispute are complicated by savings, such as fuel supplies, and additional costs for the provision of alternative transport and accommodation for passengers.

The scale of the losses adds to the urgency of a restructuring package being drawn up by Mr Christian Blanc, who replaced Mr Attali as chairman. On Monday, Mr Blanc received strong support in a vote by the company's 40,000 staff for a plan aimed at raising productivity by 30 per cent over the next three years. The plan includes 5,000 job cuts, a freeze on salaries and on promotion, and a reduction in the airline's fleet.

Industry observers in Paris said the losses demonstrated the severity [illegible] the [illegible] problems, but [illegible] deficit could strengthen Mr [illegible] hand in negotiations with [illegible] and unions about how [illegible] implement his cost-cutting measures.

[illegible] French government [illegible] pledged a capital injection of FFr20bn [illegible] the next [illegible] years [illegible] the burden of losses and of debts amounting to [illegible] FFr38bn. But [illegible] capital [illegible] requires approval from [illegible] European [illegible]. Earlier this week, Mr Abel Matutes, the European transport commissioner indicated that approval for the financing could be linked to the sensitive issue of deregulating the French airline market.

Tracy Corrigan looks at the impact of a threat to sue over swap losses

Finger points at banks after Procter's gamble

A new dimension [illegible] been [illegible] the [illegible] of risks associated with trading derivative instruments, already the [illegible] of sleepless nights for regulators, intermedi[illegible] their clients.

Earlier this week, Procter [illegible] Gamble, [illegible] US consumer products group, threatened [illegible] take legal action against [illegible] Trust [illegible] it incurred [illegible] by the bank. In the wake of a $100m [illegible] charge in the company's first-quarter results, [illegible] prompted [illegible] among banks [illegible] they could [illegible] vulnerable [illegible] a [illegible] type of [illegible] litigation by companies which have [illegible] on complex derivative instruments such as swaps [illegible] options.

[illegible] grounds [illegible] such an [illegible] are unclear, however, and Procter [illegible] has [illegible] on [illegible] chairman's [illegible]ment that: "We [illegible] seriously considering [illegible] options relative to Bankers Trust."

One [illegible] lawyer [illegible]: "[illegible] for [illegible] is that in theory they are a [illegible] user, not a [illegible] or orphan. But it may [illegible] that [illegible] representations were made by Bankers Trust, perhaps some kind of undertaking to help manage the risk."

Bankers Trust, however, claims it "formally recommended that Procter & Gamble limit its risk by unwinding [illegible] part of [illegible] transactions. [illegible] rejected these recommenda[illegible]."

But one corporate [illegible] said [illegible] was puzzled by [illegible] "geared" [illegible] which are more risky [illegible] normal swaps. "Why [illegible] sell them [illegible] product?" [illegible] wondered, noting [illegible] was [illegible] type [illegible] in use.

[illegible] any action [illegible] ahead, the [illegible] raised the [illegible] how much hand-holding a bank should do.

"They [illegible] obliged to inform companies [illegible] changing [illegible] conditions, but [illegible] obliged [illegible] complex formulae, [illegible] is proprietary information," according [illegible] Erasmus, a partner [illegible] Cooper [illegible] Lybrand's global risk management practice.

She points out that many companies have lost money on derivatives because they have failed to take account of the [illegible] implications. While this may not seem to [illegible] responsibility, [illegible] are specifically marketed for tax purposes.

The fact is that law [illegible] derivatives is a [illegible] area, precisely because [illegible] rapid growth of the market has outstripped the development [illegible] a legal framework.

"I would [illegible] not [illegible] thought [illegible] sue where [illegible] grown-up companies [illegible] involved," [illegible] Alan Newton, partner and head [illegible] at Freshfields, a London [illegible]. "I think it would [illegible] a [illegible] difficult argument [illegible] off the ground, [illegible] the financial institution had some sort [illegible] advisory role. It wouldn't normally [illegible] case that [illegible] intermediary [illegible] obligation [illegible] explain risk."

However, in [illegible] US, [illegible] companies [illegible] to [illegible] litigious a number of cases [illegible] brought. City Colleges [illegible] Chicago [illegible] filed a suit against National [illegible] Life Insurance's [illegible] unit, alleging [illegible] wrongfully [illegible] the college system $100m [illegible] collateralised mortgage obligations (CMOS), risky securities which [illegible] alleges were unsuitable for [illegible] investment portfolio. And [illegible] Merrell Dow, this [illegible] filed a lawsuit against fund manager David Askin, alleging improper handling [illegible] its [illegible].

However, in [illegible] invoke federal securities law, which does not [illegible] they [illegible] privately negotiated [illegible].

The Procter & Gamble [illegible] painful [illegible] UK local [illegible] in [illegible], which left [illegible] of [illegible] local authorities were found to have acted outside their powers in using these instruments. Some banks were also criticised for encouraging authorities to take highly speculative positions.

Mr Geoffrey Isaac, chairman of MTM Partnership, which advises [illegible] companies on treasury [illegible] a result, [illegible] a [illegible] tightening in [illegible] way [illegible] things are marketed".

[illegible] or not Bankers Trust is sued, the [illegible] – as in virtually [illegible] of large corporate losses, from [illegible] Lyons' £150m [illegible] Metallgesellschaft's roughly $1bn – [illegible] internal [illegible] broken. Procter [illegible] already admitted [illegible] policies and procedures governing [illegible] of [illegible] "simply [illegible] lowed in [illegible] swaps".

While this admission may be enough to scupper any potential action, it could still spark further attempts [illegible] gain [illegible] can be painful losses. "It certainly [illegible] potential [illegible] a growing area [illegible] litigation [illegible] the [illegible] reliance [illegible] clients may be putting on the expertise [illegible] intermediaries," [illegible] Mr [illegible] a partner [illegible] Hadley and McCloy, the [illegible] firm.

Axa resumes growth in profits with 32% advance

By Alice Rawsthorn in Paris

Axa, the second largest French insurer, yesterday announced a return to profits growth last year with a 31.8 per cent increase in net profits to FFr2.04bn ($340m).

Mr Claude Bébéar, chairman, said the group, despite last year's gains, had yet to return to 1991's net profits of FFr2.4bn, but it was on course for further growth this year.

Axa was destabilised in the early 1990s by the intensely competitive condition of the French insurance industry and by the problems of The Equitable, its US associate, into which it injected $400m of new capital last year.

Mr Bébéar said the group's [illegible] benefited from an improvement in its [illegible] French insurance business.

Axa, like France's other large insurers, was able to alleviate [illegible] pressure on profitability by raising tariffs.

The group was also buoyed by a recovery at The Equitable, a strong performance from its reinsurance interests and by a reduction in the losses of Axa Marine Aviation Transports, its transport subsidiary.

The board proposed raising the dividend to FFr25 from FFr23.

Axa's group turnover rose 48.8 per cent to FFr126.28bn. Attributable profits from insurance also increased 48 per cent to FFr1.54bn. Reinsurance profits more than doubled to FFr172m.

The contribution from financial [illegible] and property fell [illegible] FFr717m from FFr785m despite the return to the black [illegible] Mees-[illegible] Rousselle, [illegible] group's stockbroking subsidiary, which [illegible] a [illegible] profit [illegible] FFr33m last year against a FFr20m [illegible] in 1992.

Mr Bébéar anticipated "contin[illegible] growth in [illegible] profits [illegible] unless [illegible] an [illegible]tional event".

He described the first quarter of the year as "very satisfying" for Axa in France where sales of life and damage insurance had risen 47 per cent and 6.5 per cent respectively.

He forecast a further improvement for [illegible] Equitable in [illegible] US.

The [illegible] Rousselle stockbroking subsidiary had also fared better so far this year with first quarter profits almost equalling the total for 1993.

Lex, Page [illegible]

Cockerill Sambre decline steepens

By Gillian Tett in Brussels

The crisis in the European [illegible] industry [illegible] highlighted again yesterday when Cockerill Sambre, Belgium's largest steel maker, announced [illegible] loss of BFr6.5bn ($184m) for 1993. This compares with a loss of BFr1.4bn the previous year and [illegible] profit of BFr3.6bn in 1991.

The company, which had previously predicted [illegible] loss of [illegible] BFr4-BFr6bn, blamed falling prices and sales for [illegible] poor results.

[illegible] in the [illegible], whose [illegible] activity is the production of [illegible] rolled products normally used in the motor [illegible] construction industry, fell to BFr147.4bn, down from BFr164.7bn the previous year. Meanwhile, financial debt rose to BFr8bn, up from BFr4.6bn in 1992.

Cockerill Sambre [illegible] that [illegible] should improve next year – a hope being echoed by most European steel makers who argue that the improvement in the [illegible] manufacturing industry could [illegible] [illegible] boost steel prices as early [illegible] the summer.

"The [illegible] half of 1994 [illegible] pick-up in [illegible] industry activity and [illegible] improvement in prices. This ought [illegible] to [illegible] notable recovery of earnings by June," the company [illegible].

However, Mr [illegible] Gandois, chairman of Cockerill Sambre, warned [illegible] there [illegible] no dividend for [illegible], insisting [illegible] he [illegible] "reserve all possibilities to distribute [illegible] dividend on [illegible] earnings".

Coming hard [illegible] heels [illegible] the steel industry's dispute with the European Commission [illegible] its demands [illegible] further capacity cuts, [illegible] seems [illegible] more questions about government policy towards [illegible] plants [illegible] Cockerill Sambre, [illegible] partly owned by [illegible] Belgian Walloon government.

Earlier this [illegible] mission formally [illegible] ommend [illegible] it would delay [illegible] threat to withdraw aid to the industry until November to allow the industry more time to develop restructuring plans.

[illegible] delay is contingent on the European steel companies adhering to a pledge that they will not ask for more state aid.

Commission officials privately admit that the temporary agreement has done little to address the broader problems of the steel sector – or entirely remove the anger generated earlier this year when the Commission fined the sector for alleged cartel rigging, imposing an ECU4m fine on Cockerill Sambre.

Forte holds payout [illegible] earnings show fall

By Michael [illegible], Leisure Industries Correspondent

Forte, the [illegible] and [illegible] group, yesterday [illegible] full-year pre-tax profits [illegible] £121m ($178m), compared [illegible] £164m, [illegible] seen little improvement in the economies [illegible] operated. Mr [illegible] Forte, chairman, [illegible] UK [illegible] spending [illegible] still fragile, but the group was now seeing an increase in business from corporate customers.

Total sales for the year to January 31 were £2.1bn, compared with [illegible] from continuing operations were up 11 per cent to £1.6bn.

The final [illegible] of 4.75p [illegible] a [illegible] of 7.5p, unchanged from [illegible] year [illegible] payout was [illegible] the first time in [illegible]. The [illegible] was [illegible] times by earnings per share [illegible] before exceptional items. Earnings [illegible] exceptional items were 10.2p.

There [illegible] exceptional gain of £34m. The group made an exceptional profit [illegible] from the flotation last January of 75 [illegible] of Alpha Airports Group [illegible] the [illegible] 50 per cent [illegible] in Kentucky Fried [illegible]. There [illegible] exceptional charge of £88m following a downward revaluation [illegible] properties [illegible]. A further [illegible] was [illegible] against the revaluation reserve, bringing [illegible] ward revaluations [illegible].

[illegible] it normally revalued its properties by [illegible] every [illegible]. [illegible] last year, it supplemented this with a [illegible] review [illegible] all [illegible] property values. [illegible] a [illegible] of this year's revaluation, [illegible] property and [illegible] now valued at £3.4bn.

[illegible] profits [illegible] exceptional [illegible] up [illegible] per [illegible]. [illegible] of [illegible] Alpha sale, received shortly after [illegible] year-end, [illegible] borrowings to £1.05bn. Gearing was [illegible] per cent.

While occupancies [illegible] UK hotels, rates were hit by strong competition.

Lex, Page 18

Audi reverses into red but sees break-even this year

By Michael Lindemann in Bonn

Audi, the quality car division [illegible] Volkswagen, yesterday reported [illegible] 1993 [illegible] DM89m [illegible] against [illegible] DM172m profit [illegible] previous year.

However, [illegible] in the first quarter [illegible] up 23 per [illegible] on the [illegible] before, bolstering hopes that the company would [illegible] again [illegible].

Mr Herbert [illegible], who [illegible] appointed [illegible] in February, said [illegible] company hoped [illegible] position in the market with a [illegible] models, including [illegible] A6, [illegible] and [illegible], which will [illegible] co-produced with [illegible] sports [illegible] maker Porsche.

"We [illegible] nearly [illegible] come the trough [illegible] the current recession," Mr Demel said. "Only technological quantum [illegible] will ensure lasting competitive advantages."

The [illegible] agreed [illegible] March [illegible] work 10 per cent [illegible] hours, saving [illegible] further 3,000 jobs which were due to go, [illegible] company said.

In [illegible] year ending March [illegible] the [illegible] at the company's [illegible] plants in southern Germany had fallen 10.5 [illegible] to [illegible].

Audi [illegible] part of its losses [illegible] by "our commitment [illegible] shedding jobs in a socially acceptable manner".

Production in 1993 fell 30.7 [illegible] cent to [illegible] cars while deliveries [illegible] customers worldwide dropped 25.1 per cent to 354,158 units. The UK was the only exception in a still depressed car market, the company said.

Production in the first quarter of 1994 rose 6 per cent to 80,473 units but orders for the German market, where Audi's share dropped from 5.7 to 5.3 per cent last year, were still down on last year, the company said.

Audi also plans to launch a new small car, the Audi-A, in 1996.

Go-ahead for privatisation of Pharmacia

By Christopher Brown-Humes in Stockholm

Pharmacia, the Swedish pharmaceuticals group, yesterday scotched rumours of [illegible] possible delay in its privatisation, saying the industry ministry [illegible] given [illegible] go-ahead for the sale [illegible] state's [illegible] per [illegible] holding in June.

The [illegible] could raise [illegible] much as SKr14bn ($1.8bn), making it Sweden's biggest privatisation. Around half the shares [illegible] expected to be offered to foreign institutions.

Mr Jan Ekberg, chief [illegible]tive, said the mode of privatisation had not been finalised, leaving open the possibility that the [illegible] might issue [illegible]rants or options to buy shares. The prospectus will be issued [illegible] May 24.

Mr Ekberg said the company, one of the world's top 20 drugs groups with 1993 pro-forma sales of SKr27.4bn, would also be seeking [illegible] listing in the US.

There had been talk of the sell-off being postponed due to worries about the size of the offer, and unsettled market conditions.

Volvo is Pharmacia's other main shareholder, with a 28 per cent stake.

Antonia Sharpe adds: Pharmacia plans to access the syndicated loan market with a $500m five-year revolving credit facility. J.P. Morgan and Union Bank of Switzerland will act as joint arrangers.

L'Oréal advances to FFr2.5bn

By [illegible] in [illegible]

L'Oréal [illegible] year reinforced [illegible] position [illegible] the world's largest cosmetics company with a 12.5 per cent [illegible] in net profits [illegible] FFr2.59bn ($440m) from FFr2.3bn in 1992.

The group, which [illegible] a range of beauty brands including Lancôme cosmetics, Giorgio Armani fragrances [illegible] Ambre [illegible] sun products, succeeded in maintaining profits growth despite [illegible] sluggish [illegible] international [illegible].

The [illegible] conditions [illegible] as "difficult" and [illegible] the [illegible] "still depressed" [illegible] year. However, he added [illegible] L'Oréal [illegible] first-quarter [illegible] by [illegible] cent.

Consolidated [illegible] by [illegible] per [illegible] in 1993 from [illegible]. Managed sales, including [illegible] Cosmair, the [illegible] American marketing arm [illegible] consolidated [illegible] accounts, [illegible] by [illegible] per cent to FFr50.9bn [illegible] FFr46.6bn.

Operating profits [illegible] by [illegible] per [illegible] to FFr4.66bn [illegible] FFr4.13bn. [illegible] per [illegible] rose by [illegible] per cent to [illegible] FFr39.50. The [illegible] proposed [illegible] in [illegible] FFr10.80 for [illegible] from FFr9.60 in [illegible].

Blue Circle pre-tax surges 76%

By Andrew Taylor, Construction Correspondent

Blue Circle Industries, [illegible] UK's biggest cement [illegible] which yesterday announced [illegible] 76 per [illegible] rise in pre-tax profits, [illegible] resumed exports to [illegible] US and reopened a kiln in south-east England.

The measures emphasise [illegible] improvement in construction [illegible] on both [illegible] of [illegible] Atlantic, although [illegible] more advanced in [illegible].

Pre-tax profits [illegible] year [illegible] from £93.8m to [illegible] ($241.8m). If exceptional [illegible] excluded, operating profits [illegible] per [illegible].

A reduced [illegible] charge of 31.4 per cent, against [illegible] per [illegible] after large ACT write-offs, [illegible] earnings per [illegible] more [illegible] higher [illegible] 14.5p, against 4p.

[illegible] Circle [illegible] paying [illegible] unchanged final [illegible] of 7.5p maintaining a [illegible] of 11.25p.

UK profits rose [illegible] £33.8m [illegible] £59.1m, [illegible] profits more [illegible] £32.6m and [illegible] European profits [illegible] from £28.5m to £33.5m.

Lex, [illegible] 18

Leeds B/S looks at securitisation

By [illegible] Sharpe [illegible] in London

Leeds Permanent Building Society, the UK's fifth largest, is close to becoming the first society to fund its mortgage lending business through securitisation, [illegible] technique in wide use in the US.

Securitisation allows banks [illegible] loans off their balance sheets, removing the risk of [illegible] freeing up capital. The assets [illegible] placed in a special-purpose vehicle which then raises money by selling the debt securities to investors. Interest on the securities is funded by loan repayments.

In the past year, Barclays Bank and National Westminster [illegible] have securitised mortgages and personal loans.

Leeds [illegible] spent [illegible] years setting [illegible] a system to securitise its mortgages. It plans [illegible] test the system by using a pool of its mortgages as collateral to raise [illegible] to £100m from [illegible] small [illegible] of banks [illegible] through selling securities [illegible] the public market.

Kemira seeks to raise FM2bn

By Christopher Brown-Humes

Kemira, [illegible] Finnish chemicals group, yesterday [illegible] plans to [illegible] up to FM2bn [illegible] through an [illegible] public offering, [illegible] quickening the pace of [illegible] government's privatisation programme.

[illegible] in the fully [illegible]-owned group will [illegible] international and [illegible] institutions and [illegible] Finnish public, leaving [illegible] much as one-third of [illegible] in private [illegible].

Proceeds will be [illegible] reduce [illegible] group's FM8bn debt. The company will [illegible] gain [illegible] stock market listing.

The offering [illegible] biggest yet in [illegible] government's programme to [illegible] ownership of state companies.

Two other big Finnish industrial [illegible], Rautaruukki and Valmet, are also planning large international [illegible] issues [illegible] part of the process.

Kemira aims to launch [illegible] offer in [illegible] autumn, subject [illegible] financial performance and market [illegible]. It has [illegible] encouraged [illegible] the move after returning to the bla[illegible] with a FM30m pre-tax profit [illegible] year, compared with [illegible] 1992 [illegible] of FM338m.

Mr Heimo Karinen, chief executive, [illegible] "Competitiveness [illegible] now good within the [illegible]. I am confident [illegible] Kemira [illegible] sustainable competitive advantages in [illegible] chosen markets."

The company achieved [illegible] net [illegible] of FM11.2bn, up 6 per cent on 1992 despite generally difficult trading conditions.

Operations include pigments, paints, [illegible] nutrients and speciality chemicals [illegible] treatment and pulp and paper production. The [illegible] is the world's fifth-largest producer [illegible] titanium [illegible] and number one in Europe in [illegible] chemicals.

Kemira Agro [illegible] the only group division [illegible] a loss last year, after being [illegible] by overcapacity and low prices in the European market.

Kemira's share capital [illegible] end of last [illegible] FM873m. This [illegible] by [illegible] mum nominal value [illegible] FM400m [illegible] next 12 months.

Strong interim progress by Perstop

By Christopher [illegible]

Perstorp, the Swedish specialty chemicals and plastics group, reported strong progress in the [illegible] months [illegible] February [illegible], lifting profits [illegible] financial items [illegible] ($34.07m) from SKr114m in the [illegible] period a year [illegible].

The [illegible] rationalisation, greater penetration of new markets, and [illegible] weakening krona had helped to compensate for [illegible] market conditions in Europe.

All six divisions increased sales, lifting [illegible] group turnover by [illegible] per [illegible] SKr4.99bn.

Mr [illegible] Wiking, [illegible] president, [illegible] full-year earnings were expected [illegible] "substantially exceed" [illegible] year's SKr331m [illegible].

"The European [illegible] remains weak, [illegible] many factors indicate [illegible] levelling-off is in progress," [illegible] noted.

● Sophus Berendsen, the Danish majority shareholder in Rentokil, [illegible] UK [illegible], [illegible] proposed an increase in the dividend to DKr4.00 from DKr3.50 per share after increasing net profits last year [illegible] DKr1.21bn ($180m) [illegible] DKr465m in 1992, writes Hilary [illegible] Copenhagen.

[illegible] profits increased to DKr2.04bn from DKr.1.21bn [illegible] *turnover* [illegible] DKr9.87bn from DKr7.77bn.

The increase [illegible] group's earnings reflects Rentokil's acquisition [illegible] Securigard, [illegible] UK security company, and Berendsen's acquisition of Lucas Fluid Power, the hydraulics [illegible].

JP Morgan starts year with 20% fall in income

By Martin Dickson in New York

J.P. Morgan, the New York banking group, yesterday reported a 20 per [illegible] fall in first-quarter [illegible] income, due mainly to a sharp drop in revenues [illegible] from trading in global financial markets, which turned sour [illegible] months [illegible].

The [illegible] *reported* [illegible] income [illegible] $345m, or [illegible] a share, compared [illegible] $432m, [illegible] $2.16, [illegible] period [illegible] excluding [illegible] of an accounting change.

The [illegible] were broadly in line [illegible] Wall [illegible] expectations of earnings of $1.70 a share.

Revenues totalled $1.39bn, compared with $1.48bn, [illegible] net interest revenue dipping [illegible] from [illegible]. Excluding receipts from Latin American [illegible] *restructuring their* debt, net interest [illegible] up [illegible] per cent, which the bank [illegible] reflected improved results from its European [illegible] Asian asset [illegible] liability [illegible] activities.

Non-interest [illegible] dipped to [illegible] *from $1.051bn. Trading* revenues [illegible] – down [illegible] per [illegible] on the [illegible] reported in [illegible] first quarter of last year [illegible] 41 *per* [illegible] *lower* than the record [illegible] of [illegible] final quarter – [illegible] the bank's positioning activities [illegible] affected by difficult market conditions.

However, Morgan [illegible] that *client-related trading activities* had benefited from strong demand for risk management products, particularly swaps [illegible] *other interest rate contracts*, [illegible] for US fixed-income securities.

Corporate finance revenues totalled $117m, compared with $119m. Lower underwriting [illegible] of [illegible] was largely *offset by increased advisory* fees.

Credit-related [illegible] up 4 per [illegible], investment *management fees* [illegible] 12 per [illegible] $127m, and operational services [illegible] a 24 per cent [illegible] in [illegible] $144m, *due* [illegible] *increased custody, clear*ance and brokerage fees. [illegible] investment securities gains [illegible] $91m, down from [illegible].

Other [illegible] totalled $103m, up [illegible] $85m, and included [illegible] gains of $97m [illegible] the bank's equity portfolio and $41m of hedging [illegible] management of non-trading foreign currency exposures.

Group operating expenses rose [illegible] per [illegible].

Restated results show losses at Woolworth

By Richard Tomkins in New York

Woolworth, the US-based retailer, [illegible] restated [illegible] financial [illegible] for [illegible] quarters [illegible] year ending January 29 1994, [illegible] confirmed that profits reported [illegible] the *first two quarters* [illegible] *been* illusory.

Last year, Woolworth reported [illegible] scraped into *profits* [illegible] *$1m for the first quarter* and $2m for [illegible].

[illegible] week's restated figures show, however, that the [illegible] actually [illegible] losses of [illegible] and [illegible] in [illegible] first [illegible] *second quarters respectively.*

[illegible] it [illegible] not yet ready to explain [illegible].

A special [illegible] of the board [illegible] was investigating [illegible] events that had [illegible] the restatement necessary, [illegible].

However, [illegible] that [illegible] first [illegible] quarters' profits have [illegible] is likely to reconfirm suspicions [illegible] properly [illegible] the first two quarters [illegible] deferred until [illegible] in [illegible] year, in a *misguided attempt to keep the* [illegible] of [illegible] red.

[illegible] at [illegible] that its quarterly figures [illegible]. A few days later, it [illegible] that Mr William Lavin, chairman [illegible] chief executive, [illegible] Mr [illegible] Young, chief [illegible] officer, [illegible] temporarily stepping [illegible] an investigation [illegible] carried out.

[illegible] Tuesday [illegible] company announced [illegible] its full-year figures for last year [illegible] stay the same, but that the quarterly breakdown had been changed "to reflect a correction of gross margins and certain selling, general and administrative expenses".

It [illegible] brought forward to the third quarter the [illegible] repositioning [illegible] that had been taken in the fourth quarter.

Significantly, the board also *reconfirmed the fourth-quarter* dividend of 29 cents per share on the common stock, bringing comfort to the company's *institutional shareholders*, [illegible] hold the [illegible] mainly as a yield [illegible].

Mr John Adams, interim [illegible] executive, [illegible] that the announcement concluded the part [illegible] the inquiry relating [illegible] financial results, and should put to [illegible] any [illegible] about the company's [illegible] position.

IBM to produce Intel chip clones

By Louise Kehoe in San Francisco

International Business Machines [illegible] *reached an* agreement to manufacture clones [illegible] Intel's microprocessors designed by Cyrix, a [illegible] *semiconductor company. The* deal poses a challenge to Intel's domination of the chip market.

[illegible] *will manufacture* Cyrix's equivalent of Intel's [illegible] and Pentium microprocessors, which are used in the latest *personal computer models.* As well as supplying these chips to Cyrix, under the five-year agreement [illegible] also has [illegible] *right to sell about half of the* chips it makes either to its [illegible] PC operations [illegible] outside customers.

"IBM [illegible] committed to becoming a major supplier of *semiconductor products*," said Mr Michael Attardo, senior vice-president and general manager of IBM's *micro-electronics division.*

IBM's semiconductor sales [illegible] about [illegible] year, up from just [illegible] a few years ago.

[illegible] personal computer business [illegible] Intel's largest customer. All [illegible] personal computer products contain microprocessors designed by Intel and either purchased from Intel [illegible] manufactured by [illegible] *itself under a long-standing* arrangement with Intel.

The arrangement with Cyrix will "clearly give the IBM PC company [illegible] alternative choice", said Mr Attardo.

Intel holds at least an 80 [illegible] cent share of the market for PC microprocessors, according [illegible] market analysts, while Cyrix has a *market share of less than* 3 per cent. The agreement with IBM will, however, expand Cyrix's opportunity to *participate in the market*, said Mr Jerry Rogers, president and chief executive of Cyrix.

[illegible] and Intel have been technology partners since the introduction of the [illegible] IBM PC [illegible] years ago. IBM's *agreement with Cyrix is expected to* strain this relationship.

In February, IBM and Intel updated their microprocessor technology agreements. At that time, IBM said [illegible] would *forgo rights* [illegible] *manufacture* Intel's latest Pentium microprocessors, citing the high [illegible] of establishing new *production technology*.

Instead, IBM will manufacture Cyrix's M1 "Pentium-class" microprocessor. Mr Attardo said the *Cyrix chip* [illegible] compatible with IBM's existing semiconductor production [illegible] technology, and would therefore [illegible] involve high costs. Cyrix, moreover, will pay IBM to [illegible] production capacity [illegible] its Burlington, Vermont, *semiconductor plant for* [illegible] Cyrix chips, [illegible] added.

AEG plans further reshape as deficit reaches DM1.2bn

By Michael Lindemann in Bonn

AEG, *the electrical engineering* division of Daimler-Benz, reported [illegible] net losses of DM1.2bn ($700m), against a *profit of* [illegible] *in 1992, and* Mr Georg Stöckl, the chief executive, predicted that the [illegible] would not break [illegible] 1995.

Turnover fell by 3 per cent [illegible] and operating [illegible] DM500m, compared [illegible] DM200m [illegible] time.

The [illegible] it [illegible] a further [illegible] for more restructuring [illegible] is [illegible] spend about [illegible] an additional [illegible] redundancies. The workforce [illegible] by 3 per [illegible] 58,921 last year.

Mr [illegible] in Germany, the company's [illegible] important market, had continued [illegible] orders in the first [illegible] months of [illegible] per cent higher than the *year before, due largely to* [illegible] order from [illegible] German Railways for the updated high-speed InterCityExpress [illegible].

None of [illegible] *company's five* divisions made a profit last year. The microelectronics, railway technology and auto[illegible] *divisions* [illegible] losses. The [illegible] hoped [illegible] with another manufacturer.

AEG [illegible] it [illegible] complete [illegible] household appliance division, [illegible] employs 9,000 people, [illegible] trolux, [illegible] Swedish group. The *European Union* [illegible] expected [illegible] rule [illegible] year [illegible] whether [illegible] sale [illegible] competition requirements, [illegible] company said.

The *Frankfurt-based* company [illegible] further integrated into Daimler-Benz, Germany's largest industrial [illegible]. It [illegible] diesel engine operations of the [illegible] Turbinen-Union, another Daimler subsidiary, and will [illegible] *known* [illegible] Industrie.

There will be further restructuring until [illegible] company [illegible] 50,000 employ[illegible] in [illegible] railway technol[illegible] division, [illegible] company [illegible].

Rising costs put Boise Cascade deeper in red

By Laurie Morse in Chicago

[illegible] Cascade, the [illegible] manufacturer and [illegible] products processor, blamed [illegible] winter weather [illegible] higher costs incurred through *operating difficulties* [illegible] plants for deeper [illegible] in [illegible] first quarter. An expected rise in paper prices [illegible] materialise.

The net [illegible] for [illegible] quarter [illegible] $37.6m, [illegible] a share, compared with a [illegible] of $12.1m, [illegible] 56 cents, a [illegible] lier. The first-quarter [illegible] larger [illegible], [illegible] 98 cents, [illegible] reported in [illegible] quarter of [illegible] year.

First-quarter sales [illegible] to $1bn from [illegible] a year ago.

Losses in [illegible] company's larg[illegible] business segment, paper and [illegible] products, [illegible] $88.7m in [illegible] quarter, [illegible] from $43.5m in the first quarter of 1993, due to higher operating costs and declining prices for *Boise's* most important paper grades.

About [illegible] cent [illegible] the company's [illegible] year comprised [illegible] papers. [illegible] the first quarter, the [illegible] price for these grades fell more [illegible] the fourth quarter [illegible] the company said.

Average prices [illegible] newsprint and [illegible] groundwood [illegible] declined, while containerboard and market pulp prices rose in the quarter.

Mr Vincent Hannity, Boise Cascade spokesman, [illegible] the company's [illegible] segment results [illegible] not [illegible] *significantly until worldwide* [illegible] consumption grew.

"With overseas economies weak, [illegible] consumption [illegible] *caused a sharp* [illegible] in [illegible] exports to the US [illegible] prices," he said.

[illegible] from the company's [illegible] products segment improved slightly in [illegible] quarter, but [illegible] from [illegible] building products division [illegible] sharply [illegible] from [illegible] a [illegible] ago.

Constricted logging in the [illegible] costs, while winter [illegible] muted construction [illegible] *much* [illegible].

Crédit Lyonnais confident on capital adequacy ratio

By John Gapper in London and Alice Rawsthorn in Paris

[illegible] Lyonnais, the [illegible] state-owned French bank, [illegible] *achieve a capital* adequacy ratio comfortably in [illegible] of the minimum international [illegible] *privatised*, [illegible] Peyrelevade, president, said yesterday.

Mr Peyrelevade, [illegible] analysts in London, said [illegible] believed [illegible] *Lyonnais* would [illegible] tier [illegible] ratio [illegible] core capital [illegible] risk-weighted assets to about 6 per cent, compared with the current figure of 4.4 per cent.

He said he hoped the bank would be able to negotiate share swaps with the government to reduce equity holdings, [illegible] as its 20 per [illegible] in Usinor-Sacilor, the steel maker.

Mr Peyrelevade said he [illegible] the [illegible] should [illegible] of no more [illegible] and 10 *per cent* in companies to improve [illegible] spread [illegible] its portfolio, and to give it greater liquidity and flexibility in selling equity.

He [illegible] be [illegible] accept a price [illegible] for [illegible] Hollywood [illegible] by the bank, if such [illegible] offer [illegible] "today". However, [illegible] price could [illegible] by spring [illegible] which [illegible] expected to [illegible] selling [illegible].

Mr Peyrelevade [illegible] the [illegible] a 6 per cent tier 1 ratio – above the [illegible] per [illegible] minimum in [illegible] accord, [illegible] increasingly viewed [illegible] a [illegible] by ratings agencies – by raising [illegible] capital [illegible] constraining asset growth.

The government [illegible] participating in a FFr44.9bn ($7.6bn) [illegible] Crédit Lyonnais, after [illegible] reported a [illegible] net loss for [illegible]. Mr Peyrelevade [illegible] appointed [illegible] months [illegible] to succeed Mr [illegible] at [illegible] of the [illegible].

As part [illegible], [illegible] and other public *sector* shareholders [illegible] to the [illegible] issue [illegible] month.

[illegible] bank hopes [illegible] follow this with a rights issue of matching [illegible] for other share[illegible] *later* [illegible] *year.*

Mr Peyrelevade said he hoped [illegible] the [illegible] 1 ratio by [illegible] percentage points a year until [illegible] target [illegible] reached. [illegible] working on plans [illegible] increase banking income [illegible] *holding* [illegible] steady.

Mr Dominique Bazy, who [illegible] heading [illegible] assets, [illegible] FFr3bn [illegible] disposals [illegible] agreed, [illegible] FFr10bn [illegible] be sold this year. The bank has [illegible] a target of selling [illegible] of its [illegible] portfolio.

[illegible] bank's [illegible] plan [illegible] stage a day of action today against Mr Peyrelevade's plans to accelerate [illegible] group's return [illegible] profit through [illegible] cutting. The chairman [illegible] month unveiled proposals to shed [illegible] jobs over [illegible].

Mr Peyrelevade said yesterday [illegible] expected Crédit Lyonnais' staff to [illegible] proposed cuts. [illegible] bank's four [illegible] plan [illegible] stration against the plan today.

Rubbermaid growth evaporates

By Richard Tomkins

Rubbermaid, the [illegible] goods [illegible] named "America's most admired company" by *Forbes magazine at the begin*ning [illegible] *the* [illegible], yesterday reported a [illegible] downturn in first-quarter profits growth.

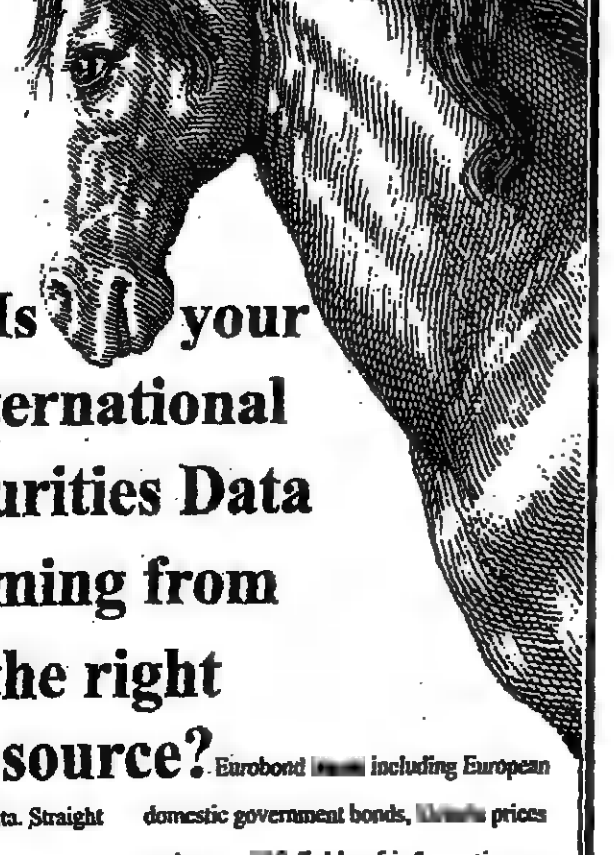
[illegible] rose by barely [illegible] from [illegible] in [illegible] comparable period [illegible]. Turnover [illegible] up by 2 [illegible] cent to [illegible] earnings *per* [illegible] rose [illegible] 32 [illegible].

The company had earlier [illegible] a reputation for *turning in big increases* [illegible] earnings from [illegible] to year. In [illegible] earnings growth averaged [illegible] year.

Mr [illegible] Schmitt, chairman [illegible] executive, [illegible] quarter's *figures* [illegible] particularly [illegible] in January [illegible] February [illegible] of unusually harsh [illegible] the US. [illegible] weather [illegible] temporary plant closures, so reducing plant efficiency.

In addition, [illegible] *retailers' efforts to* [illegible] in [illegible] quarter held back the company's [illegible] growth [illegible] though [illegible] products [illegible].

"March orders, however, have shown substantial improvement, and *that* improvement is continuing [illegible] April," [illegible] Schmitt said. "As a result, [illegible] for [illegible] *favourable second-quarter* [illegible] and earnings comparisons."



Heinz in talks with Borden

By Frank McGurty in New York

[illegible] Heinz, [illegible] US [illegible] products [illegible], [illegible] it [illegible] talks [illegible] Borden, [illegible] and wallpaper [illegible]. However, Heinz refused to confirm reports it was buying the bulk *of* [illegible] division.

Borden also declined to comment. *The sale of its food business,* which generated $270m in revenues last year, would represent the first divestment [illegible] *group* announced a far-reaching restructuring earlier this [illegible].

[illegible] is seeking to [illegible] on [illegible] profit[illegible] lines, including pasta *sauces and* [illegible] *niche* grocery products. After posting a net loss of $593.6m last year, it said it would sell more than *$1.25bn in assets, including its* [illegible] and [illegible] businesses, which generated nearly 20 per cent of its 1993 revenues.

For Heinz, the Borden *food* services division would make a [illegible] with [illegible] own [illegible] business, which supplies individual plastic pouches [illegible] mayonnaise, ketchup [illegible] other condiments [illegible] restaurants, schools and hospitals.

Lyonnaise des Eaux doubles net result

By John Ridding in Paris

Lyonnaise des Eaux-Dumez, the [illegible] tion and communications group, yesterday confirmed it more than doubled net profits, to FFr804m ($137.4m), in 1993 and expressed optimism about prospects for the current year.

Mr [illegible] Monod, chairman, said the worst of the economic recession was over, and outlined "considerable *opportunities" in the public works* and utilities markets.

"In France, and in the European *Union, infrastructure* [illegible], including motorways, [illegible] speed trains and airports, will [illegible] be launched", he [illegible].

Mr Monod [illegible] group's construction activities [illegible] be reinforced through [illegible] between [illegible] GTM-Entrepose subsidiaries.

[illegible] group is proposing a dividend of FFr16.50 for [illegible] year, *compared* [illegible] FFr15 in [illegible].

Spain to float part of Endesa holding

By Tom Burns in Madrid

Grupo Teneo, the Spanish state holding group, is to place up [illegible] 10 per cent [illegible] equity in the profitable Endesa *electrical utility* [illegible] the market [illegible] month, in an [illegible] public offering expected [illegible] Pta180bn ($1.3bn).

The offering, [illegible] will [illegible] Teneo's shareholding in Endesa to [illegible] 65 [illegible] will be weighted towards Spanish [illegible] and especially towards retail investors. It will, *however,* [illegible] for [illegible] US, Europe [illegible] the rest of [illegible] world.

The four-week registration *period for potential* domestic retail buyers of Endesa shares opened yesterday.

[illegible] said [illegible] *tranches* would be reduced if [illegible] a strong enough [illegible] small Spanish investors.

At present, [illegible] *institutions* hold nearly [illegible] per [illegible] equity [illegible] is [illegible] *said one of* [illegible] objects of the offering [illegible] increase the number [illegible] Spanish [illegible] in the utility.

Mr Javier Salas, Teneo's chairman, [illegible] income [illegible] the [illegible] disposal [illegible] *be directed towards* [illegible] ing the public holding.

The income [illegible] particularly [illegible] by Iberia, [illegible] national airline, [illegible] last year [illegible] chiefly responsible [illegible] a sharp fall, to [illegible] from Pta21bn, in Teneo's [illegible] earnings.

Endesa, which raised its [illegible] profit last year by 9.9 [illegible] cent to Pta116.8bn, [illegible] the dominant player in [illegible] highly-regulated domestic electricity market.

Together [illegible] *affiliated* companies, [illegible] produces more than half of Spain's electric [illegible] and distributes around 40 [illegible].

New HK company data service

By [illegible] in [illegible]

Extel Financial, a subsidiary of [illegible] Times Group, *and Wardley Data Services* [illegible] announced plans [illegible] research service offering data about *Hong* Kong-listed companies [illegible].

Wardley Data, a subsidiary of HSBC's Wardley merchant bank group, provides the most widely-used system [illegible] ing information about Hong *Kong companies.* [illegible] based product [illegible] updated regularly.

[illegible] product, Wardley [illegible] *Workstation, will provide* information on all listed companies in Hong Kong, as [illegible] in Singapore, [illegible] and Thailand. [illegible] would [illegible]. All [illegible] updated weekly on a [illegible].

The workstation runs on any IBM-compatible personal computer. [illegible] and Wardley [illegible] it provided a *powerful* [illegible] and retrieval capability. They [illegible] service, offering [illegible] about more than [illegible] *listed companies,* [illegible] package in Hong Kong.

[illegible] will gain access [illegible] Wardley's [illegible] 300 and [illegible] users. It *expects* [illegible] *hard-copy service* will be phased out within three or four years.

BCE chief sees profit for full year

By Robert [illegible] in [illegible]

BCE, [illegible] Canadian-based international telecommunica[illegible], will report a good first quarter during its annual meeting on April 27, [illegible] Mr Lynton Wilson, chairman.

BCE, which recently completed [illegible] of Montreal Trust [illegible] Bank [illegible] Novia *Scotia, will* [illegible] *profitable* [illegible] *all* 1994, [illegible] added.

It will maintain the common [illegible] the [illegible] *level.*

[illegible] group plans to hold [illegible] 10m Bank of Novia Scotia [illegible] it [illegible] for Montreal [illegible] indefinitely, Mr [illegible]. *They are now worth* [illegible] (US$199.2m).

BCE, which [illegible] in the Bell [illegible] telephone utility [illegible] *and* other companies, [illegible] pleted [illegible] disposal of virtually all [illegible] assets, including [illegible].

It [illegible] C$1.3bn in [illegible] posted a final [illegible] of C$750m after special charges of C$800m. [illegible] long-distance competition squeezed Bell [illegible] *profit.*

[illegible] Pennzoil [illegible] the [illegible] has counterbid [illegible] all the shares [illegible] Co-enerco, a [illegible] tured [illegible] Canada [illegible] and oil [illegible], *sought earlier by* Numac Energy, of Calgary. [illegible] bid is higher than Numac's, and [illegible] would *assume C$104m in Co-enerco* debt. Co-enerco has large undeveloped natural gas [illegible].

NEWS DIGEST

NZ oil group to sell land to partner

By Terry Hall in [illegible]

Oil group BP [illegible] (US$70.6m) *through the sale of* [illegible] Hikurangi [illegible] North Island [illegible] joint [illegible] ture partner, the forest division of [illegible] Challenge.

BP said [illegible] sale followed [illegible] group's decision [illegible] resources [illegible] expertise on its [illegible] hydrocarbon *business,* [illegible] *withdraw* [illegible] directly [illegible] to oil and chemicals.

Net profits at San Miguel up [illegible]

[illegible] Miguel, [illegible] Philippines' largest industrial enterprise, reported [illegible] profits [illegible] March, [illegible] over the [illegible] figure, [illegible] Galang in [illegible].

The company [illegible] improved by 11 [illegible] cent, but [illegible] no figures.

[illegible] beer [illegible] group [illegible] improved financial performance to [illegible] in [illegible] Philippines which, [illegible] said, [illegible] under way". It said [illegible] allocating a capital budget [illegible] 12bn pesos for domestic and overseas projects during *the* year. It is pursuing [illegible] brewery projects in Vietnam and Nepal, *according to* [illegible].

Rise in phone use helps Israel telecoms

Israel's main telecommunications company, Bezeq, posted a [illegible] *per* [illegible] rise in [illegible] profit, to [illegible] in 1993, [illegible] reports from Jerusalem.

[illegible] company – 23 [illegible] cent has [illegible] sold [illegible] Tel Aviv [illegible] exchange and a further 23 [illegible] is [illegible] to [illegible] – [illegible] the rise [illegible] *efficiency measures and* increased telephone use.

Surge in investment income boosts AMP

By Nikki Tait in Sydney

Australian [illegible] Society, [illegible] large [illegible] insurance [illegible] and one [illegible] country's biggest institutional investors, [illegible] yesterday it [illegible] operating earnings [illegible] A$2.11bn (US$1.5bn) [illegible].

This figure, however, [illegible] income [illegible] A$7.35bn, [illegible] A$5.12bn [illegible] derived [illegible] appreciation [illegible] investment [illegible]. The insurer [illegible] the rise largely [illegible] strong performance [illegible] Australian stock [illegible] last year.

[illegible] *only reflected* [illegible] operations, [illegible] excluded its [illegible] in [illegible] Pearl and London Life. [illegible] mutual insurer did [illegible] provide an earnings [illegible] for the group overall, [illegible] did say [illegible] premium [illegible] *for the* [illegible] stood at A$7.28bn [illegible] year, slightly [illegible] figure of A$7.9bn. [illegible] investment [illegible] *surged* [illegible] *A$13.7bn* from A$4.33bn, again largely [illegible] portfolio gains.

[illegible] also a sharp [illegible] *in surrenders, policies* [illegible] are prematurely [illegible] in [illegible] policy-holders. [illegible] A$3.8bn overall [illegible] year, [illegible] from A$2.73bn [illegible] 12 months.

There [illegible] much discussion [illegible] life companies' prof[illegible] should [illegible] reported in Australia, and AMP acknowledged [illegible] *earnings figure* [illegible] significantly [illegible] it had [illegible] by [illegible] Australian insurers.

[illegible] yesterday [illegible] had no intention [illegible] "demutualising" – that is, turning [illegible] into a share*holder-owned company* – [illegible] fact that this [illegible] increasingly popular option [illegible] mutuals.

Bundesbank move sparks bout of volatile trading

By Sara Webb in London and Frank McGurty in New York

The Bundesbank cut its key interest rates by 25 basis points yesterday, taking the European government bond markets completely by surprise and sparking [illegible] bout of volatile trading in the bund market.

Despite the unexpected [illegible] some of the European bond markets ended lower as other factors, such as worries about [illegible] inflation and [illegible] shooting down [illegible] two US helicopter [illegible] Iraq, gave [illegible] market an excuse [illegible] lower.

The Bundesbank cut the discount [illegible] to 5.00 per cent and the Lombard rate to 6.50 [illegible] cent. The moves triggered cuts by other European central banks – in Denmark, Switzerland, Austria, [illegible] Netherlands and Belgium – and led [illegible] expectations of easings in Italy and France.

At a press conference yesterday, Mr Hans Tietmeyer, the Bundesbank's president, stressed that money supply [illegible] remained the main target for the German central bank. He said he expected [illegible] German inflation to fall below 3 per cent in the second half of [illegible] adding that the Bundesbank could not risk triggering inflationary expectations by cutting interest rates [illegible] quickly.

Mr Theo Waigel, [illegible] German finance minister, said the interest rate [illegible] from [illegible] Bundesbank would support government efforts to spur economic growth.

The bund market had a choppy day despite the [illegible] news. The bund contract opened at 96.80 and [illegible] up [illegible] ahead [illegible] the rate cuts. Having drifted down, the futures contract bounced on the [illegible] news and then fell again, touching a [illegible] 96.45. The contract picked up later in the day to [illegible] little changed at 96.83.

GOVERNMENT BONDS

Analysts expressed surprise at the bund market's rocky reaction [illegible] the good news. "The [illegible] markets fell [illegible] the news shows we are still in a bear market, when 25 [illegible] points off both rates is still not enough to get a rally," said Ms Marie Owens Thomsen, international [illegible] Midland [illegible] Markets.

■ UK gilts drifted lower in the morning, then picked up and closed slightly higher on the day, taking their cue [illegible] the Bundesbank.

The market will be focusing on today's inflation data for March, as well as on the possibility of [illegible] gilt auction announcement.

■ Disappointing inflation figures triggered a fall in Spanish government bond prices yesterday morning, but the market later recovered and closed up on the day helped by the Bundesbank's [illegible] cuts. The Consumer Price Index [illegible] up [illegible] per [illegible] in March from February, leaving the year-to-year [illegible] unchanged [illegible] per cent.

■ US Treasury bond prices [illegible] yesterday morning [illegible] cautiously awaited today's [illegible] of [illegible] important economic reports.

By midday, the benchmark 30-year government bond was [illegible] lower at [illegible], with [illegible] yield rising to [illegible] per cent. At the short end, the two-year note was off $\frac{1}{32}$ at $99\frac{3}{32}$, to yield 7.255 per cent.

Early in the session, bonds [illegible] the maturity [illegible] dropped sharply on reports [illegible] the shooting down of [illegible] US helicopters in Iraq by hostile fire but recovered [illegible] news that [illegible] been downed accidentally by US forces.

The day's only economic news – a weekly gain of [illegible] in [illegible] claims for unemployment benefit – [illegible] shrugged off, even though analysts were expecting [illegible] slight [illegible]. Attention instead was [illegible] on today's data on industrial production and capacity utilisation, which economists view as leading indicators of inflation, the bane [illegible] fixed-rate investments.

Anticipation of the figures kept many investors [illegible] sidelines. Traders said some of [illegible] early activity had [illegible] triggered by [illegible] mortgage-backed securities market, where a big sale forced the liquidation of five and 10-year government [illegible].

■ Japanese government [illegible] futures rallied in the London trading session as the yen strengthened against the US dollar. The [illegible] prompted the Bundesbank to intervene, selling yen and buying dollars.

In Tokyo trading, the market had a relatively uneventful day, opening [illegible] strong note with the June [illegible] 111.79, and [illegible] 111.44 in the [illegible] of the day.

Non-recourse loan facility for BSkyB

By Antonia Sharpe

In a move which [illegible] its stronger financial position, British Sky Broadcasting (BSkyB), the UK-based satellite television venture, said yesterday that it is raising £500m of non-recourse bank finance which will enable it to repay loans from its shareholders.

The main shareholders of BSkyB, which [illegible] now moved into operating profit but [illegible] still incurring [illegible] pre-tax losses, are [illegible] Corporation with 50 per cent, Pearson, the owner of the Financial Times, with 17.5 per cent, and Granada with [illegible] cent.

Part of the proceeds of [illegible] five-year revolving credit facility, which [illegible] being arranged by Toronto-Dominion [illegible] and Citibank, will be used [illegible] £100m bank [illegible] which was guaranteed equally by Pearson, Granada and Chargeurs, the French transport and communication group which has also put money into [illegible] venture.

The money will [illegible] used to repay securities [illegible] directly by Pearson and Granada and to release certain contingent liabilities.

The payments to shareholders will be in addition to the £100m they [illegible] received since December from cash generated by BSkyB's operations.

Terms of the facility [illegible] not disclosed but bankers involved in the deal said [illegible] such a transaction reflected BSkyB's [illegible] finances.

"Just one year [illegible], banks would not [illegible] considered taking part in such [illegible] facility," said one banker.

The two arranging banks are underwriting £250m [illegible] the amount and the remainder will be syndicated among other banks.

Marked pick-up in issuance

By Conner Middelmann

The [illegible] market saw [illegible] marked pick-up in [illegible] in [illegible] range of currencies as sentiment [illegible] lifted by [illegible] Bundesbank's [illegible] monetary easing.

The Council [illegible] Europe launched its long-awaited Ecu300m of 10-year bonds, which are due [illegible] be priced today [illegible] yield between [illegible] and five [illegible] points over the [illegible] cent 10-year [illegible] OAT.

According [illegible] lead manager, Swiss [illegible] Corporation, [illegible] deal [illegible] targeted mainly [illegible] institutional investors, [illegible] have shown good demand [illegible] 10-year Ecu paper.

In [illegible] dollar sector, the City of Prague launched [illegible] long-planned [illegible] of 7¾ per cent five-year bonds at [illegible] 120 basis point spread [illegible] Treasuries. According to [illegible] official [illegible] lead manager Nomura International, the bonds closed [illegible] bid, below their [illegible] re-offer price, but the spread remained steady [illegible] 120 basis points.

While [illegible] said they [illegible] demand for the triple-B-minus rated bonds and [illegible] they [illegible] tightly priced, others reported [illegible] from institutional [illegible] seeking high-yielding paper with potential [illegible] credit improvement.

Two [illegible] floaters also emerged: [illegible] of five-year [illegible] for [illegible] of Nova

INTERNATIONAL BONDS

Scotia, paying a coupon of 0.1875 points above three-month Libor, and [illegible] of three-year [illegible] for Mexico's [illegible] Nacional [illegible] Comercio Exterior (Bancomext), paying three-month Libor plus 0.75 points. The latter met strong demand from selected [illegible] Asian accounts, according [illegible] manager JP Morgan.

While Nova Scotia's bonds [illegible] deemed appropriately priced, traders [illegible] they would be slow to place due [illegible] the large [illegible] the [illegible].

However, lead manager UBS, which took $380m [illegible] the deal itself, [illegible] it felt [illegible] smaller [illegible] might have put [illegible] deal's liquidity into question.

The budding Greek [illegible] another two new [illegible] Dr10bn [illegible] 15¼ per [illegible] Marathon [illegible] the European Bank for Reconstruction and Development, [illegible] Dr10bn of 15¾ [illegible] Eurobonds [illegible] Abbey [illegible] Treasury [illegible]. Heavy [illegible] supply has some traders grumbling that [illegible] sector [illegible] fast becoming saturated.

Supranational Marathon [illegible] are exempt from Greek withholding [illegible] to resident [illegible] non-resident investors [illegible] Eurodrachma non-supranational bonds [illegible] tax-free only for foreigners. Because of this, as [illegible] as [illegible] considerations, they [illegible] a significant yield premium over their supranational counterparts.

"European investors feel safer with Marathon bonds," [illegible] trader. "If [illegible] Greek market [illegible] there will be [illegible] backstop [illegible] for [illegible] bonds from Greek investors because they're tax-free," he said. [illegible] bonds ended around 100 bid, inside fees, while the Abbey [illegible] bonds [illegible] 99¾ bid, [illegible] full fees.

Following the Bundesbank's rate cuts, traders in the D-Mark sector [illegible] confident that [illegible] of the rumoured deals for L-Bank, KfW, Belgium, the World Bank, Karstadt and several Japanese borrowers [illegible] will start emerging [illegible]. Syndicate [illegible] expect L-Bank [illegible] issue [illegible] of five-year global bonds early [illegible] week.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	[illegible]	Maturity	Fees %	Spread bp	Book runner
[illegible] DOLLARS							
[illegible]nce of No[illegible]	500	(b)	[illegible]	[illegible]	[illegible]	-	UBS
[illegible] of Prague	250	7.75	[illegible]	[illegible]	[illegible]	+120(5⅞%-98)	Nomura International
Bancomext‡	250	(c)	[illegible]	May.1997	[illegible]	-	JP [illegible]
YEN							
Marubeni Corp.(d)*	5bn	3.95	101.493	[illegible]	[illegible]	-	Nomura International
Marubeni Corp.(e)*	5bn	4.00	101.513	[illegible]	1.875	-	Nomura International
STERLING							
[illegible] Society(f)‡	50	[illegible]	[illegible]	Apr.1998	[illegible]	-	[illegible]
ITALIAN LIRE							
[illegible] Nederland(h)	150bn	9.25	[illegible]	May.2004	[illegible]	-	[illegible]
[illegible]							
[illegible]	300	[illegible]	(i)R	May.2004	[illegible]	(i) [illegible]	[illegible] Corp.
DRACHMAS							
EBRD	10bn	15[illegible]	101.15	[illegible]	[illegible]	-	[illegible]
[illegible] Natl.Treasury [illegible]	10bn	[illegible]	[illegible]	May.1997	[illegible]	-	[illegible] Trust International
SWISS FRANCS							
[illegible] Capl.Corp.*	100	[illegible]	[illegible]	May.1999	[illegible]	-	Merrill Lynch Capl.Markets

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. *Private placement. ‡Floating rate note. R: fixed re-offer price; fees are shown at the re-offer level. a) Callable on any coupon date from May.95 at par. b) 3-mth Libor +⅜%. c) 3-mth Libor +¾%. d) Tranche A. Short 1st & 2nd coupons. e) Tranche B. Short 1st coupon. f) Issue launched on Monday was increased to £200m. g) 3-mth Libor –0.1%. h) Callable on any coupon date from 20/5/98 at par. i) Priced today at 3-5bp over French OAT's.

Liffe narrows gap with CME in futures rankings

By Laurie Morse in Chicago

Adjusted [illegible] figures released by [illegible] Industry Association, [illegible] US [illegible] group, [illegible] London's [illegible] place [illegible] rankings [illegible] the [illegible] exchanges.

[illegible] has run [illegible] healthy third in [illegible] Exchange and [illegible] Chicago Board [illegible] Trade, [illegible] growth consistently [illegible] of the [illegible] Chicago [illegible].

However, second-placed [illegible] the volume rankings [illegible] by revising [illegible] counting method, adding options exercises [illegible] expirations, mutual [illegible] trades [illegible] other off-floor [illegible] competitors [illegible] volume.

In response to an industry outcry, the FIA [illegible] begun releasing adjusted data for the CME, using the exchange's old method of counting turnover.

The FIA reports CME first-quarter volume at [illegible] contracts, as opposed to the CME's [illegible] counting [illegible] 54.7m. For March, [illegible] FIA [illegible] puts [illegible] CME at [illegible] contracts, compared with the exchange's report of 22.1m.

By comparison, Liffe's [illegible] quarter turnover was 47.5m contracts, [illegible] for March [illegible] was 17.0m. Liffe's [illegible] up 115 per cent from [illegible] first quarter [illegible], while [illegible] CME's gained [illegible] 35 per cent.

The CBoT [illegible] firmly in first place with first-quarter volume [illegible] contracts.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	[illegible]	[illegible] ago	[illegible] ago
Australia		9.500	[illegible]	109.0000	[illegible]	8.10	[illegible]	7.15
Belgium		7.250	04/04	100.6700	-0.190	7.15	7.12	7.05
Canada *		6.500	[illegible]	89.0500	-1.100	8.11	8.13	7.44
Denmark		7.000	12/04	[illegible]	-0.350	6.91	6.82	6.67
France	BTAN	8.000	05/99	107.0540	-0.170	[illegible]	5.76	[illegible]
	OAT	5.500	04/04	92.5100	-0.080	6.64	6.48	6.25
Germany		6.000	09/03	98.1000	-0.390	[illegible]	[illegible]	6.21
Italy		8.500	[illegible]	98.9700	[illegible]	[illegible]	8.94	[illegible]
Japan	No 119	[illegible]	06/99	105.7520	+0.140	[illegible]	3.29	3.53
	No 157	[illegible]	06/03	[illegible]	[illegible]	3.95	3.93	3.97
Netherlands		[illegible]	[illegible]	95.4200	[illegible]	6.39	6.36	6.21
Spain		10.500	[illegible]	110.3000	-0.100	8.84	8.95	8.80
UK Gilts		6.000	[illegible]	94-31	+2/32	7.16	7.12	6.60
		[illegible]	11/04	93-28	+4/32	7.60	7.50	[illegible]
		9.000	10/08	[illegible]	[illegible]	7.81	7.71	7.36
US Treasury *		[illegible]	02/04	92-15	-8/32	6.94	7.02	6.60
		[illegible]	05/23	[illegible]	[illegible]	[illegible]	[illegible]	6.93
[illegible] (French Govt)		6.000	[illegible]	93.3700	[illegible]	6.94	6.87	6.84

[illegible] closing. [illegible] mid-day. Yields: [illegible] market standard.
† Gross (including withholding tax at [illegible] per cent payable by nonresidents)
Prices: US, UK in 32nds, others in [illegible]. Source: [illegible] International

US INTEREST RATES

Lunchtime. Treasury Bills [illegible] Bond [illegible]

Prime rate	6¼	One month	3.55	Two year	5.48
Broker loan rate	5	Two month	3.58	Three year	5.89
Fed.funds	3⅝	Three month	3.64	Five year	6.50
Fed.funds at intervention	-	Six month	4.14	10-year	6.96
		One year	4.70	30-year	7.28

BOND FUTURES AND OPTIONS

[illegible]

■ NOTIONAL FRENCH BOND [illegible] (MATIF)

	[illegible]	Sett price	Change	High	Low	Est. [illegible]	Open int.
Jun	123.30	123.24	[illegible]	[illegible]	[illegible]	201,412	[illegible]
Sep	[illegible]	[illegible]	-0.30	122.58	122.28	82	[illegible]
Dec	121.86	121.76	-0.30	[illegible]	[illegible]	2	[illegible]

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls May	Calls Jun	Calls Sep	Puts May	Puts Jun	Puts [illegible]
123	[illegible]	1.19	1.45	0.58	1.00	2.09
124	0.26	0.69	1.08	-	1.60	-
125	0.09	0.34	-	-	2.10	-
126	0.03	0.16	-	-	2.86	-
[illegible]	-	0.09	0.26	-	-	-

Est. vol. total, Calls 30,085 Puts 32,102. Previous day's open int., Calls 376,569 Puts 271,756.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	202788
Sep	96.53	[illegible]	[illegible]	[illegible]	96.23	739	[illegible]

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
9650	0.95	1.34	0.62	1.31
9700	0.68	1.11	0.85	[illegible]
9750	0.47	0.91	1.14	[illegible]

Est. vol. total, Calls 38241 Puts 24930. Previous day's open int., Calls 269889 Puts 236364

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	[illegible]	101.00	-	[illegible]	[illegible]	56	2101

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* [illegible] of [illegible]

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	114.00	114.75	+0.66	114.85	113.75	51279	[illegible]
Sep	113.63	114.35	+0.64	114.30	113.63	102	1542

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
11450	1.62	2.40	1.37	2.55
11500	1.32	[illegible]	1.57	2.80
[illegible]	1.12	1.85	1.87	3.00

Est. vol. [illegible] Previous day's open int., Calls 77905 [illegible]

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	[illegible]	Sett price	Change	High	[illegible]	Est. vol.	Open int.
Jun	100.05	[illegible]	+0.21	100.37	99.60	69,630	102,853
Sep	-	100.20	-	-	-	-	[illegible]

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	107-13	107-17	[illegible]	[illegible]	106-03	[illegible]	143323
Sep	-	[illegible]	[illegible]	-	-	0	198

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
[illegible]	1-54	2-27	1-20	2-51
108	1-22	2-00	1-52	[illegible]
109	0-60	1-39	2-26	[illegible]

[illegible] total, Calls 3147 Puts 4816. Previous day's open int., Calls 32116 Puts [illegible]

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	[illegible]	[illegible] int.
Jun	89.74	[illegible]	[illegible]	89.92	[illegible]	1,665	7,752

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	105-01	104-18	-0-14	105-03	104-15	[illegible]	[illegible]
Sep	104-01	103-18	-0-15	104-03	103-17	1,668	[illegible]
Dec	103-03	102-28	[illegible]	[illegible]	[illegible]	299	[illegible]

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m [illegible]

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	111.76	-	-	111.97	111.49	3706	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

[illegible] UK [illegible]	Thu Apr 14	Day's change %	[illegible] Apr 13	[illegible] interest	xd adj. [illegible]		Low coupon yield Apr 14	Apr 13	Yr. ago	Medium coupon yield Apr 14	Apr 13	Yr. ago	High coupon yield Apr 14	Apr 13	Yr. ago
1 [illegible] 5 years (23)	123.78	-0.04	122.83	1.09	[illegible]	5 [illegible]	7.24	7.22	6.80	7.48	7.45	7.06	7.58	7.55	7.27
2 5-15 [illegible] (24)	147.27	-0.25	147.36	1.73	4.36	15 [illegible]	7.77	7.71	7.76	[illegible]	7.80	8.17	8.14	8.08	[illegible]
3 Over 15 years (9)	166.21	-0.43	166.93	2.00	[illegible]	20 [illegible]	7.84	7.76	7.98	7.85	7.80	8.31	8.05	7.99	8.48
4 [illegible]	191.42	-1.30	133.36	3.95	1.47	Irred.†	7.96	7.88	[illegible]						
5 All [illegible] (62)	[illegible]	-0.22	144.17	1.57	4.11										

FT FIXED INTEREST INDICES

GILT EDGED ACTIVITY INDICES

FT/ISMA INTERNATIONAL BOND SERVICE

UK GILTS PRICES

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

Rising provisions leave Aegis £18m in the red

By Diane Summers, Marketing Correspondent

Aegis, the London-based holding company of Europe's largest media-buying and planning group, incurred [redacted] pre-tax loss of [redacted] for the year [redacted] December 31, compared with restated deficit [redacted] £11m.

Exceptional [redacted] £40m [redacted] higher than the £14.1m the group had been expecting [redacted] time [redacted] refi[redacted] in October last year.

Some [redacted] of [redacted] exception[redacted] *FRS 4* requirements, [redacted] alter [redacted] ment of refinancing [redacted] and preference dividends. The [redacted] was made up largely [redacted] additional restruct[redacted] a [redacted] a fine under French competition law, against which [redacted] appealing.

Mr Frank Law, chairman, [redacted] the underlying pre-tax profit of £22m [redacted] the anticipated level.

[redacted] group [redacted] confirmed [redacted] Michel Lefebvre, [redacted] financial officer, would be leaving "in [redacted] course" and that Mr Thierry Vial Collet, chief [redacted] officer, would [redacted] be leaving. Mr Charles Hochman, chief [redacted] may retire by the end of next year.

Consultants are reviewing the group's central management structure [redacted] bring it into line with the "enlargement and geographic spread of the shareholders following [redacted] refinancing".

The [redacted] management is strongly French but, following the refinancing, Omnicom, the [redacted] advertising group, has acquired a [redacted] per [redacted] stake, and Warburg Pincus, [redacted] firm, a [redacted] per cent holding.

Turnover [redacted] per cent [redacted] £2.75bn, while [redacted] income dropped [redacted].

Operating [redacted] down [redacted] per cent [redacted] £120m and underlying operating profit was [redacted] by [redacted]. [redacted] margins dropped from 8.7 [redacted] per cent.

[redacted] per share [redacted] from [redacted] 12.1p. The dividend for the year is omitted and the [redacted] said it did not expect a payment in [redacted]. An interim only [redacted] 1.375p was paid [redacted] 1992.

● **COMMENT**

[redacted] heavily dependent on operations in France where the recently-introduced "Loi Sapin" has slashed media-buying revenues. Until April 1993 media buyers could take a cut [redacted] substantial volume-re[redacted] from media [redacted] all [redacted] be passed [redacted] directly [redacted] advertisers. In spite of this, the group has maintained [redacted] margin [redacted] per cent, [redacted] the pre-Loi Sapin [redacted] 6.7 [redacted] cent. [redacted] in turnover is anticipated by the [redacted], with [redacted] dozen new [redacted] coming on [redacted] during [redacted]. [redacted] profits [redacted] £30m [redacted] the shares on a prospective multiple of 11.8. [redacted] to the [redacted] understandable, given [redacted] traumas, [redacted] not yet [redacted] the recovery potential.

Derwent buys Heron properties for £33m

By Simon Davies

Heron Group has [redacted] £33.4m from the [redacted] of seven properties [redacted] Derwent Valley Holdings, taking the value [redacted] asset disposals [redacted] the property and trading group to more than £250m since June last [redacted].

[redacted] shares fell [redacted] 588p on the announcement. The company plans to fund the acquisition partly through a 1-for-3 rights issue at 500p to [redacted] £18.6m net.

The portfolio includes 4 properties in the [redacted] end of London, where 85 per cent of Derwent's existing portfolio [redacted] situated.

Mr John [redacted], managing director, *said the properties* had been "hand-picked". [redacted] deal will enhance [redacted] income, offering an initial *yield* [redacted] *10.3 per cent, falling* to 9.5 per [redacted] in September, [redacted] result [redacted] renewal.

However, as [redacted] result [redacted] issued [redacted] count [redacted] their 544p net asset value, Derwent's [redacted] value per [redacted] will fall [redacted].

Mr Burns [redacted] portfolio offered [redacted] balance [redacted] long and short [redacted], enabling Derwent to [redacted] through active management. There [redacted] also longer-term redevelopment potential for some properties.

The company completed [redacted] £17m placing in mid-1993, and [redacted] invested [redacted] in the UK property market, including the latest purchase. [redacted] gearing will [redacted] to [redacted] per [redacted].

Heron said [redacted] property sales, [redacted] by [redacted] Heron Cor[redacted] subsidiary, had been at [redacted] above those in [redacted] business plan.

However, under [redacted] restructuring agreement, the property proceeds [redacted] Heron Corporation's own debt. It will not affect Heron International [redacted], who [redacted] face [redacted] request [redacted] deferred interest [redacted], primarily [redacted] the [redacted] declining European property values.

Laura Ashley up 67% to £3m

Laura Ashley yesterday remained tight-lipped about the sudden departure of [redacted] American-born chief executive as it announced a 67 [redacted] cent increase in pre-tax profits to £3m, writes Peggy Hollinger.

However, it became increasingly clear that [redacted] boardroom split, [redacted] resulted in the announcement this week of Mr Jim Maxmin's departure, had been less than [redacted].

Mr Maxmin [redacted] present yesterday [redacted] announce the [redacted] of the company which he led back to profit during his three-year stint. He was relaxed and confident – as long as questions were focused [redacted] the business.

[redacted] were [redacted] 13 per cent, after accounting for currency effects, at [redacted] with gross profit 8 per cent higher at [redacted] on the same [redacted]. Earnings [redacted] from 0.35p to 0.45p.

The group also reported substantial progress in rectifying problems which resulted in heavy losses in the US last year. This gave many analysts encourage[redacted] that [redacted] dividend more *meaningful than* 1993-94's *maintained* 0.1p [redacted] be paid this year. "[redacted] things are looking fair, a dividend of about 1p would not be unreasonable," said one analyst.

When asked [redacted] the reasons for his departure, Mr Maxmin's replies were more abrupt and the questions were often fielded by Mr Andrew Higginson, finance director. "Jim left us with [redacted] superb strategy and [redacted] business in good shape [redacted] of future opportunities," he [redacted]. "There has clearly been a disagreement at board level and that is all we can say."

[redacted] Hugh Blakeway Webb, [redacted] will become executive chairman in [redacted], did [redacted] meeting. Mr Maxmin [redacted] he was in negotiations over compensation which [redacted] expected to [redacted] more than £600,000 after accounting for share options and performance-related [redacted].

Minimum reasons maximise puzzle

Peggy Hollinger considers the surprising departure of Jim Maxmin

T[redacted] puzzle about the departure [redacted] Mr Jim Maxmin from [redacted] as chief executive [redacted] *Ashley* was summed [redacted] by [redacted] bewildered analyst: "It [redacted] investment [redacted] which [redacted] when *capital* expenditure in general [redacted] *above expectations.* [redacted] believe the story, then that would imply [redacted] quantum leap planned for next year."

Such questions [redacted] Laura Ashley's results. [redacted] had Mr Maxmin [redacted] planning and what exactly was the [redacted] intending [redacted]?

The [redacted] was further [redacted] by [redacted] not [redacted] give [redacted] break [redacted] profits [redacted]. The [redacted] it was offering [redacted] disclosure and, indeed, [redacted] in some respects [redacted] as [redacted] operating [redacted].

Yet many analysts trying [redacted] left without straightforward [redacted] such issues as the US losses. It is estimated that the US business, hit by heavy overstocking in 1992, had incurred losses of between £9m and £10m.

Nevertheless, the business appears to be making substantial inroads in recovering those *losses. Almost all of the old* stock has been sold, leaving prospects *for margins looking* better than for some time.

Jim Maxmin: replanted Laura Ashley in chic country niche

Mr Maxmin has been criticised for being late to realise the extent of the difficulties in the US. Yet many of his achievements are praised even by those who find his effusive style difficult to accept.

When he arrived in July 1991, [redacted] heavily indebted Laura Ashley [redacted] been with[redacted] chief executive [redacted] months. The programme to tackle the £100m debt, involving disposals and *factory* closures, had begun, but survival left little time for strategic planning.

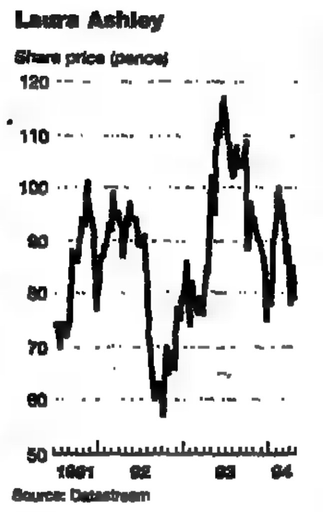
Mr [redacted] straight from [redacted] in preach *the "lifestyle* [redacted]*" gospel,* replanting Laura Ashley's image firmly in [redacted] English countryside. The [redacted] would protect all-important margins [redacted] had melted in the volume-driven 1980s.

The chief executive also sought to empower staff with a series of catchily-titled campaigns, such as "Love the Customer", aimed at improving productivity and profitability.

In addition he spent £11m on state of the art computerised point of sales equipment and concluded an innovative distri[redacted] deal with National Express which cut down on stock and improved the company's response to demand.

So it is surprising that just as the company begins to reap [redacted] benefits of his efforts, Mr Maxmin [redacted] leaving. "He [redacted] pointed things in [redacted] right direction, [redacted] has yet [redacted] triumphantly realised," said Mr Robert Snaith, analyst with [redacted] Turnbull.

Even Laura Ashley [redacted] there [redacted] much [redacted] *left* [redacted] *do, particularly given* [redacted] continuing [redacted] US [redacted] maturity [redacted] UK [redacted]. Yet [redacted] is [redacted] option other [redacted] tracks Mr Maxmin [redacted] laid.



The [redacted] difference, according to analysts, is likely to be a greater emphasis [redacted] tional [redacted] which [redacted] tainly lacking in the US.

While the company does not intend to replace Mr Maxmin immediately, the board has been substantially strengthened by the addition of Mr Steven Cotter, the retail executive who is known by some in the City of London as "Mr Detail".

The City is also relieved that there were no nasties in the results following Mr Maxmin's departure, implying steady progress this year towards pre-tax forecasts of £10m.

Nevertheless, there [redacted] a degree [redacted] uneasiness over the party line that the split was "a mature separation over a disagreement on investment levels" – whatever that means.

"When someone says there was a mature disagreement you know there *has been blood* on the floor," said one analyst.

Prestwick falls £1.15m into red but sees improvement

By James Buxton, Scottish Correspondent

Prestwick Holdings, the [redacted] printed circuit board maker which in January called in Postern, the corporate recovery specialist, suffered losses of £1.95m before tax in the half year to January 31, compared with profits of £106,000.

Mr Archie Coulson, an executive director of Postern who became Prestwick's executive chairman, said, however, that the company's core businesses had achieved improved profits since January, reaching record levels in March. The directors expect the second half to show a "significant turnround".

Prestwick incurred losses of £3.9m in the year ended July 31 because of the failure [redacted] the acquisitions strategy of Mr Wayne Osman, the chief executive who resigned last June.

Directors blamed the interim losses on the decision to abort an acquisition supported by Mr Osman and to the cost of Postern's services. In addition, £652,000 has been included as an exceptional item following the decision to close Northumbria Circuits, a purchase made under Mr Osman.

Turnover from continuing operations was unchanged at £17m in the half year. Directors stated that customers had an "impressive share" of the mobile telephone market, and that the company supplied the European car market through Ford and Siemens.

In [redacted] distributable reserves no preference or ordinary dividends can be paid. In 1993 there were preference payments of 3.6p per share and an ordinary [redacted] of 0.5p. [redacted] share were 9.44p [redacted]. The board [redacted] this [redacted].

Mr Bill Young has left [redacted] and [redacted] replaced [redacted] finance director by Mr Paul Woodley of Postern. Mr Hugh Laughland, previously chairman, has also left. Mr Kenneth Thompson, former [redacted] finance director of [redacted] Bank of [redacted] and Mr Bill Junor, a [redacted] tor [redacted] industry [redacted] become [redacted] directors.

Further US blow for GrandMet

By David Wighton

Grand Metropolitan is to lose US distribution rights to Grand Marnier, the orange-flavoured liqueur owned by [redacted] Lapostolle, the French family-controlled company.

[redacted] rights [redacted] been trans[redacted] & Somerset, [redacted] US joint venture [redacted] United [redacted] and [redacted] Hennessy whose parent, LVMH, has an 8 per cent stake in Marnier Lapostolle. The joint venture already distributes Grand Marnier in Japan.

It is another blow to Grand Metropolitan's IDV drinks arm which has just lost the US distribution rights to Absolut [redacted].

Grand Marnier sells about 400,000 cases [redacted] year in the US and analysts estimate it generates profits of between £10m and £15m for GrandMet compared with £25m from Absolut.

IDV said the two sides had failed to reach agreement on a new distribution arrangement after the current contract expires at the end of this year.

[redacted] separate distribution agreements for Grand Marnier in Australia, [redacted] and Italy will [redacted] continue after January 1 [redacted].

UK distribution [redacted] recently [redacted] from Matthew [redacted] to Moet Hennessy.

[redacted] fell [redacted] 457p.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Finals- Compass Intl, Eye (Wimbledon), Foreign & Colonial Pacific Inv Trust, HCG Lloyd's Inv Trust, Shoren, Wembley.

FUTURE DATES

Interims-	
Compass	May 16
Fisher (Albert)	Apr. 21
McKechnie	[redacted]
VTR	[redacted]
Yorkshire-Tyne Tees TV	[redacted]
Finals-	
Anagen	Apr. [redacted]
Bedford (Wm)	Apr. [redacted]
Bulmer (HP)	July [redacted]
Huntleigh Tech	Apr. [redacted]
Kleinwort Endowment	Apr. [redacted]
Laser-Scan	Apr. [redacted]
London American Growth	Apr. [redacted]
London Electricity	June [redacted]
PCT	Apr. [redacted]
Paramba	Apr. [redacted]
Rossmont	Apr. [redacted]
Sims Food	[redacted]

NatWest Bancorp advances

By John Gapper, Banking Editor

The pressures on banks from falls in bond and equity prices emerged yesterday when [redacted] Bancorp, National Westminster Bank's US retail bank, reported an $8.2m fall in income from its [redacted] portfolio in [redacted] quarter.

The pre-tax result jumped to [redacted] (£47.8m), against $58.7m, while post-tax profits amounted to $82.6m ($60.7m).

Non-interest income fell to $79.7m ($96.5m) because of a fall in securities gains to $2.6m ($10.8m) and a non-recurring $8.7m sale of stock in the first quarter of 1993.

[redacted] bank [redacted] that [redacted] core performance, excluding non-recurring items, [redacted] by 40 [redacted] rose to [redacted] ($192.3m). However, the return [redacted] equity [redacted] to 11.61 [redacted] per cent).

Biotechnology placing raises £35m

By David Wighton

Zeneca, the bioscience [redacted] demerged [redacted] year from Imperial [redacted] of shares in International Biotechnology Trust which [redacted] being [redacted] by Rothschild Asset Management.

Rothschild [redacted] yesterday that [redacted] placing [redacted] with warrants, with institutions and other investors, including Zeneca, had raised £35.1m – [redacted] than *half the figure* originally hoped for.

Rothschild's target was £100m, including proceeds from a public [redacted] subscription which opened yesterday.

Mr Jeremy [redacted] Cook, [redacted] of [redacted] Management [redacted] investment advisory team, [redacted] "In [redacted] light [redacted] market [redacted] I am pleased with the support for the placing".

Tudor [redacted] of £865,000

Tudor, the USM-traded floor and [redacted] distributor, incurred losses of [redacted] pre-tax for 1993 reflecting full provision for the closure of its crystal operation and costs of reorganising the tile business.

Turnover rose £1m to [redacted]. The deficit was up from £104,000 last time and came after closure costs of £150,000 and exceptional charges of £243,000 (£74,000). The dividend is again 0.25p.

DIVIDENDS ANNOUNCED

		[redacted] payment	[redacted] of payment	Corres-ponding dividend	Total for year	Total [redacted] year
Aegis	fin	nil	-	nil	[redacted]	[redacted]
Ashley (Laura)	fin	0.1	July 1	0.1	0.1	0.1
Blue [redacted]	fin	7.5†	July 1	7.5	11.25	11.25
Brooks Service	fin	1	June 7	nil	1.5	nil
Estates & Agency	int	[redacted]	[redacted]	0.5	-	7.5
Forte	[redacted]	[redacted]	-	4.75	7.5	[redacted]
Hunting	[redacted]	6†	July 1	[redacted]	10	10
[redacted]	fin	2.3	June 10	2.3	3.8	3.6
[redacted]ent	fin	9	July 1	8.5	12.5	12
Prestwick	int	nil	-	0.5	-	[redacted]
Swallowfield	fin	3	[redacted] 31	2.2	[redacted]	[redacted]
Tudor [redacted]	fin	[redacted]	July 1	0.25	[redacted]	[redacted]

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.

COMPANY NEWS: UK

Export growth behind 80% rise at Lamont

By Simon Davies

Lamont Holdings, the Northern Ireland-based textiles [redacted] reported [redacted] in [redacted] profits, reflecting strong export growth and [redacted] substantial contribution from Alexander Drew, [redacted] fabric printing subsidiary.

After two [redacted] of decline, pre-tax profits amounted [redacted] £11.4m, up 80 per cent on the previous £6.31m. The shares firmed 9p [redacted] 433p.

Turnover increased by [redacted] per cent to £136.1m, with export [redacted] to [redacted] Americas and [redacted] almost doubled [redacted] £17m following the setting up of sales [redacted] in New York [redacted] Hong Kong.

Lamont's performance [redacted]tinued to [redacted] hampered by [redacted] from its core Shaw carpets business. However, all other [redacted] operations experienced growth, and overall, the carpet divisions contributed operating profit of £1.3m, against a small loss in 1992.

Sir Desmond Lorimer, chairman, said profit margins in the carpet division remained weak because of "over-capacity [redacted] industry". This [redacted] than compensated [redacted] by [redacted] division, and operating profit margins (excluding discontinued businesses) rose [redacted] 6.7 [redacted] cent [redacted] 9.3 [redacted]

Shaw was also affected by [redacted] capital expenditure programme and an unsuccessful push upmarket. Sir Desmond said in spite of difficult trading conditions it [redacted] expected [redacted] return to profitability in [redacted]

The fabric manufacturing and printing business remained the main contributor, with operating profits [redacted] £10.6m. [redacted] Drew, which [redacted] acquired in April [redacted] will be strengthened by the merger with Cunningham Johnson, the recently acquired fabric printer which [redacted] on [redacted] nearby site.

The [redacted] hit by the elimination [redacted] goodwill on [redacted] sale [redacted] puter division, partly [redacted] by a [redacted] profit from a property disposal.

At the year end, net borrowings [redacted] £10m, marginally [redacted] from [redacted] gearing fell [redacted] cent.

[redacted] final dividend of 9p makes a total [redacted] 12.5p (12p), payable from earnings [redacted] by [redacted] to 25.57p (16.09p) [redacted] share.

Recovery seen [redacted] Beauford cuts loss

Losses [redacted] Beauford, the engineering and ceramics group which completed a refinancing package earlier this year, [redacted] from £26.4m [redacted] £7.43m pre-tax for [redacted]

Turnover of continuing operations slipped from [redacted] £27.5m and losses per share worked through at 9p (32p).

The 1992 deficit included [redacted] £19.5m provision for goodwill in continuing operations.

Sir Trevor Holdsworth, chairman, said trading conditions remained difficult in the second half, but added that there was evidence of [redacted] recovery [redacted] the last two months which [redacted] "significant" increase in order intake.

Although [redacted] too late [redacted] 1993 results, [redacted] trading improvement [redacted] spilled over into the current year. [redacted] parts [redacted] now operating profitably [redacted] further improvement [redacted] looked for during the year.

Refinancing included a restructuring of bank [redacted] and the raising of [redacted] money via [redacted] placing and rights issue. The directors believed the group would have ceased trading without the package.

Scudder enters UK with £50m trust launch

By Bethan Hutton

Scudder Stevens Clark, the US fund management group, is raising its profile in the UK by aiming to raise about £50m by the end of the month through a new Latin American investment trust.

Scudder Latin America Investment Trust will [redacted] the group's first venture [redacted] the UK investment trust sector, but Latin America is more familiar territory: [redacted] of the group's $90bn (£62bn) funds under management is in Latin American debt and equities. It has been investing in Mexico since 1979, and has eight specialist Latin Ameri[redacted] funds, run by a team of 12 based in Boston.

[redacted] activities in London have up to now been limited [redacted] small number of insurance funds. As the name [redacted] not yet widely known [redacted] the British public, [redacted] trust [redacted] being launched by [redacted] institutional placing, and possibly small intermediaries offer, rather than [redacted] full public offer.

Scudder [redacted] it was confi[redacted] of attracting sufficient interest in the fund, although it will [redacted] fourth [redacted] ment trust focusing [redacted] Latin America [redacted] be launched [redacted] the UK this year. [redacted] first two, from Morgan Grenfell [redacted] Edinburgh Fund Managers, [redacted] than their initial targets, [redacted] £64m [redacted] £39m respectively. The offer for Templeton's version has not yet closed, but it [redacted] £37.5m from [redacted] placing.

[redacted] Global, the emerging [redacted] investment trust, [redacted] up [redacted] £28.6m of net new equity, through [redacted] placing [redacted] open offer of [redacted] 100p.

Institutions have already [redacted] in 24.5m C-shares; [redacted] minimum of 3m C-shares [redacted] been reserved for [redacted] open offer, which [redacted] restricted [redacted] existing share and warrant holders, and [redacted] on May [redacted] Warrants will be [redacted] 1-for-5.13 basis after conversion of the C-shares [redacted] ordinary shares. This should [redacted] by October 31 at [redacted] latest.

Passions run high over sugar cane bid

Nikki Tait on Tate & Lyle's attempt to buy two Australian mills

An outward air [redacted] normality surrounds the Tully and South Johnstone sugar mills, set in neighbouring villages on northern Queensland's lush, coastal plain.

Their [redacted] crushing plants are undergoing the seasonal overhaul. In surrounding fields, a healthy cane [redacted] promises bumper business when harvesting begins on June 14.

However, stickers plastered across the mill buildings tell a different story. "Crush the [redacted] Lyle bid", they demand.

Inside, managers are lobbying [redacted] shareholders who hold [redacted] key [redacted] the British [redacted] group's offers, worth A$121m (£58m) in total, by phone.

One local resident, [redacted] Hitching, has [redacted] mobi[redacted] a "women's [redacted] mittee". "We're told [redacted] buy Australian," she complains, "but the mills won't [redacted] Australian anymore . . . they'll [redacted] English".

The bid battle for the Queensland mills [redacted] public move Tate [redacted] made [redacted] acquiring [redacted] Australian subsidiary, Bundaberg Sugar, in 1991 – and it [redacted] proving neither [redacted] nor speedy [redacted] complete.

Only today, [redacted] months [redacted] opening salvos [redacted] fired, will [redacted] a crucial stage. Shareholders in [redacted] South Johnstone mill [redacted] to vote [redacted] proposal to lift a [redacted] which [redacted] anyone [redacted] holding [redacted] 3.2 per [redacted] of [redacted] mill's shares. Only if they agree, and by a 75 per cent majority, [redacted] the Tate [redacted] proceed.

In [redacted] tightly-knit community, where [redacted] of [redacted] share[redacted] direct descendants of the Italian and Maltese immigrants who established [redacted] farms, passions run high [redacted] no [redacted] will [redacted] defeat. "I'm smiling," says [redacted] Fred Lizzio, chairman of [redacted] South Johnstone mill. "We're confident", retorts Mr Rod Young, Bundaberg's company secretary.

The [redacted] point on which [redacted] sides agree is that the deal would make sense for Tate. Via Bundaberg, it already owns mills at Babinda and Mourilyan, directly [redacted] the north, and synergies could flow.

Sugar prices have also improved, and both Tully and South Johnstone [redacted] investing in their plants. Profits from both mills rose strongly last year and [redacted] fore[redacted] do [redacted] still. Moreover, Tully and South John[redacted] have [redacted] potential for expanding their catchment areas, and increasing throughput, than Bundaberg's existing mills. In Queensland, cane can only [redacted] grown on [redacted] for this purpose, but Tully, in particular, [redacted] marked various tranches [redacted] nearby land from which it thinks additional tonnage could be sourced in the future.

The problem [redacted] Tate [redacted] that [redacted] mills' [redacted] are [redacted] largely by local cane growers, whose livelihoods [redacted] directly affected by [redacted] in which the [redacted] are [redacted] the bidder claims that [redacted] represents [redacted] "unique" opportunity [redacted] a [redacted] price for [redacted] mills' unlisted stock, at [redacted] some [redacted] the [redacted] have [redacted]

"What [redacted] mill [redacted] my [redacted] – [redacted] present, it's run [redacted] farmers' mill," says [redacted] South [redacted]

Asked to elaborate, growers who [redacted] present [redacted] list [redacted] worries. The [redacted] cut [redacted] deliver [redacted] respective mills [redacted] highly-organised system, [redacted] aims to [redacted] fair [redacted] ment. [redacted] interrupt the crushing process, cane which has been burnt quickly [redacted] perish[redacted]

[redacted] point [redacted] year's breakdowns [redacted] the [redacted] mill, [redacted] worry [redacted] Tate – with [redacted] interest in mill profits than [redacted] growers' [redacted] – might prune maintenance expenditure.

Tate, [redacted] surprisingly, [redacted] this. "[redacted] an [redacted] mill when we bought it," says [redacted] Young, adding [redacted] money [redacted] been spent [redacted] it subsequently, [redacted] denying any maintenance cuts.

Next, there [redacted] the question of maintaining the cane railway – a network of tracks which allow farmers [redacted] bring the crop [redacted] the mill. Might Tate be [redacted] inclined to replace [redacted] to outlying [redacted] Then [redacted] question [redacted] price the "cane-dirt" – [redacted] the crushing [redacted] fertiliser – might be sold by Tate. And [redacted]

[redacted] uncertainties, [redacted] over, come [redacted] a [redacted] for Australia's [redacted] industry. Historically, this [redacted] heavily regulated, [redacted] government buying up Queensland farmers' production [redacted] "award" price, [redacted] limiting [redacted] grown. Now, in the current "free trade" atmosphere, and with Australia committed [redacted] deregulation throughout [redacted] economy, [redacted] likely [redacted] change – although [redacted] is [redacted] exactly how.

As Mr Lizzio puts [redacted] "Deregulation is rather frightening if you've only got one buyer".

But the mill boards have a problem, too. [redacted] expect [redacted] be in the [redacted] the long-haul. While [redacted] that [redacted] bid prices [redacted] inadequate, [redacted] represent [redacted] changing hands prior to Tate's arrival. South Johnstone, for example, [redacted] A$3-A$4, while Tate's [redacted] been pitched [redacted] A$14.

The mills' answer [redacted] list [redacted] stock exchange – thereby accommodating [redacted] share[redacted] would like to [redacted] in [redacted] or part of their holdings. At present, however, no firm plan [redacted] on [redacted] table, although Mr [redacted] Cargnello, [redacted] the Tully board, [redacted] proposals should be presented "within the [redacted] month [redacted] two".

The drawback is [redacted] scheme, too, would require [redacted] 75 [redacted] majority of both mills' shareholders. Both boards, meanwhile, [redacted] that they would look for [redacted] protection for the merged group, probably by [redacted] government legislation.

In [redacted] potential [redacted] which surround [redacted] tion [redacted] is by [redacted] guaranteed that shareholders [redacted] ready market for their [redacted] in [redacted] future.

Perhaps [redacted] most indisputable point made by the mills [redacted] a six-month war of attri[redacted] long enough.

Already, [redacted] court actions, and the bid [redacted] approaching A$250,000 for each mill – [redacted] which [redacted] growers see vanishing [redacted] their [redacted]

Tate, however, [redacted] will [redacted] until today's [redacted] before deciding [redacted] do [redacted] "Our assessment will be governed by today's result," [redacted] Young.

Harvesting the sugar [redacted] crop in northern Queensland, where nobody will admit defeat

---

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for Trading on 13.4.94: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	[redacted] £/MWh
0030	11.16	10.83	10.83
0100	10.95	15.62	15.62
[redacted]	[redacted]	15.66	15.66
[redacted]	[redacted]	15.55	15.56
[redacted]	[redacted]	15.50	[redacted]
0300	[redacted]	15.60	[redacted]
0330	12.36	10.97	10.97
0400	12.56	10.89	10.89
0430	12.66	10.82	10.82
0500	16.90	10.82	10.82
0530	[redacted]	10.95	10.95
0600	[redacted]	10.95	10.95
0630	[redacted]	[redacted]	10.97
0700	[redacted]	15.71	[redacted]
0730	[redacted]	14.97	[redacted]
0800	49.44	15.89	[redacted]
0830	50.45	16.72	[redacted]
0900	54.87	15.90	[redacted]
0930	53.86	15.91	15.84
1000	52.49	16.91	15.84
1030	50.16	15.90	15.84
1100	47.60	[redacted]	[redacted]
1130	38.43	[redacted]	[redacted]
1200	[redacted]	[redacted]	[redacted]
1230	35.01	15.90	15.83
1300	34.18	15.90	15.83
1330	31.60	15.89	[redacted]
1400	[redacted]	[redacted]	15.74
1430	27.64	15.71	15.71
[redacted]	27.59	15.71	15.71
[redacted]	27.58	15.68	15.68
1600	27.64	15.65	15.65
1630	27.55	15.71	15.71
1700	37.52	[redacted]	15.74
1730	37.52	15.71	15.64
1800	37.50	15.71	15.64
1830	26.30	15.90	15.84
1900	26.57	16.79	15.73
1930	25.57	16.79	15.73
2000	28.58	15.80	15.83
2030	46.37	15.89	15.82
2100	46.17	14.97	17.90
2130	46.37	13.45	16.36
2200	45.94	15.68	15.59
2230	21.90	10.97	10.97
2300	21.90	10.97	10.97
2330	12.86	10.97	10.97
2400	16.80	10.89	10.89

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be [redacted] the left, eg £15.86/MWh becomes [redacted] for the [redacted] pool [redacted] is made in the [redacted] and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four [redacted] after the day of trading. Accordingly, due to [redacted] possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling [redacted] is the price paid by purchasers of electricity under pool trading arrangements. It is [redacted] upon [redacted] determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by [redacted] and Information [redacted] Limited. Anyone wishing to receive such information should telephone 0602-[illegible] between 9:30am and 3:15pm Monday to Friday.
OEnergy Settlements and Information Services Limited

COMPANY NEWS: UK

Hunting at £32m with help of exceptionals

By Tim Burt

Property disposals [illegible] the [illegible] of subsidiaries last [illegible] helped Hunting defy the recession [illegible] its aviation, defence and oil businesses.

Exceptional items totalling £8.1m underpinned a slight [illegible] in pre-tax profits to £31.7m in the 12 [illegible] to December 31, against £29.2m last time.

The shares, however, fell 14p to 215p after the [illegible] decline in [illegible] profits to £29.1m (£34.6m).

Mr Kenneth Miller, [illegible] executive, [illegible] the operat[illegible] downturn on hefty restructuring [illegible] of £5.8m and trading losses at subsidiaries which have [illegible] sold.

The reorganisation centred [illegible] the aviation business, where the group [illegible] provisions [illegible] redundancies, the [illegible] of selling Hunt[illegible] Aircraft – its lossmaking US subsidiary – and [illegible] amalgamation of more than 30 companies into five sub-divisions.

Operating profits [illegible] the aviation division, which suffered from deferred orders and production cuts, fell [illegible] £11.8m [illegible] £5m and the workforce [illegible] reduced by 150 to [illegible] than 2,000.

Mr Miller, [illegible] warned a further 150 jobs would [illegible] this year, said: "It [illegible] skinny performance and the business [illegible] generating an adequate return on investment. [illegible] restructuring [illegible] change [illegible] but it's [illegible] recover in [illegible] hurry."

The problems [illegible] partially [illegible] by improved [illegible] in [illegible] defence and oil divisions.

A nine-month contribution from the management [illegible] for [illegible] Atomic Weapons Establishment [illegible] profits to £14.6m (£9.3m). [illegible] group made [illegible] for relocating [illegible] communication technology business.

[illegible] division [illegible] profits increase by [illegible] £17.8m despite [illegible] falling price of crude, [illegible] it markets and supplies in [illegible] America.

Group turnover improved [illegible] £809.8m to £1.06bn, including [illegible] (£30.1m) from discontinued activities. Earnings per [illegible] fell from 15.7p [illegible] 13.6p, and [illegible] final dividend of 6p [illegible] proposed [illegible] an unchanged 10p [illegible].

COMMENT

With [illegible] of surplus property still on [illegible] books, there [illegible] noth[illegible] to [illegible] Hunting selling further [illegible] buoy this year's figures. It [illegible] an attractive option given the fragility [illegible] aviation and defence [illegible] and the recent slide in the oil price. But the balance [illegible] been strengthened by [illegible] year's [illegible] rights issue, cut[illegible] gearing from [illegible] to [illegible] per cent, and [illegible] will [illegible] the [illegible] to develop [illegible] underlying businesses. It may [illegible] time, however, for the [illegible] new orders to [illegible] through. So although profits [illegible] could reach [illegible] on a forward multiple of 15.5, [illegible] a costly short-term option.

Holiday Inn's budget hotel chain heads for Europe

By Ronald van de Krol in Amsterdam

Holiday Inn, the hotel chain owned by Bass, the brewery and leisure group, plans to [illegible] its budget [illegible] chain, Holiday Inn Express, [illegible] Europe.

The company said it hoped to open more than 100 Holiday Inn Express hotels over the next five years, mainly in Germany, central Europe, the UK, Spain and France. The target customer [illegible] the "budget-con[illegible]" business and [illegible] traveller.

In the UK, the hotels will compete with chains like Travelodge, which is owned by Forte. In France and Germany they will be pitted against the Ibis Hotel chain owned by the Accor group of France.

Most of the hotels will be located along motorways [illegible] secondary [illegible] cities, [illegible] in city cen[illegible] will cost an [illegible]age $55 (£38) a night, including [illegible] – considerably [illegible] the prices charged at standard Holiday Inns or at the more expensive Holiday Inn Crown Plaza hotels.

Holiday Inn Express [illegible] launched in [illegible] in 1990, and plans to extend them to Asia were announced in late 1993.

Mr Bryant Langton, Holiday Inn chairman, said: "Given the success of this product around the world, I see no reason why we here in Europe could not have more than 100 Holiday Inn Express hotels in the next five years."

As with other Holiday Inn hotels, the emphasis will be on franchising rather than outright ownership by Holiday Inn. Some will be purpose-built as [illegible] Express hotels, [illegible] will [illegible] existing [illegible] join the Holiday Inn organisation.

The [illegible] developer is expected [illegible] $45,000 and $50,000 per room, [illegible] half the outlay for [illegible] upmarket Holiday Inn Crown [illegible] hotels, whose prime city-centre [illegible] mean higher land prices.

The [illegible] already signed [illegible] covering the opening of [illegible] in Poland and one in Germany, [illegible] sites currently [illegible]way.

The first German hotel will open in Cottbus, a city located between Berlin and Dresden, in the spring of 1995.

Going for gold as rivals drop out

Kenneth Gooding on the fortunes of Cookson as it focuses [illegible] precious metals

It is the hope [illegible] every com[illegible] an overcrowded and competitive market that some of [illegible] rivals will pack up and leave. It is rarely fulfilled.

Yet [illegible] is [illegible] has [illegible] one of the world's five biggest suppliers of semi-fabricated precious metals to [illegible] gold jewellery and silversmith industries.

In the past four [illegible] the specialist industrial materials group [illegible] been hauled back from financial [illegible] by [illegible] new management team led by Mr Richard Oster, chief [illegible]tive.

[illegible] now busy refocusing [illegible] It is withdrawing from non-core [illegible] such as [illegible] engineering operations, sold recently, [illegible] precious metals fabricating [illegible] been carefully reconstructed [illegible] become one of [illegible] biggest [illegible] divisions.

In North America Cookson was already [illegible] largest fabrica[illegible] of gold [illegible] the jewellery industry, processing [illegible] 1.5m troy [illegible] gold [illegible] several [illegible] ounces of silver. [illegible] followed [illegible] merger five [illegible] of [illegible] big[illegible] companies, Stern and Leach. Cookson [illegible] full [illegible] in 1992.

[illegible] rival [illegible] the [illegible] quit in 1991. Engelhard, [illegible] precious [illegible] group ultimately [illegible] by the Anglo [illegible] Corporation [illegible] Africa, [illegible] attempted [illegible] Degussa [illegible] Germany but [illegible] fell through and companies were [illegible] ally [illegible] closed.

This [illegible] Cookson's Stern Metals business, [illegible] in Attleboro, Massachusetts, [illegible] 70 [illegible] 80 per cent of the US market [illegible] supplying [illegible] the jewellery industry [illegible] 50 per [illegible] silver market.

The [illegible] obvious: [illegible] Europe.

In February [illegible] year Cook[illegible] made a [illegible] by buying some [illegible] the assets of [illegible] & Day in [illegible] UK [illegible] receiver [illegible] knock-down [illegible] It [illegible] on the staff of 105 [illegible] number [illegible] now [illegible] to 62.

[illegible] it paid £37m, including £20m [illegible] stocks, for the jewellery materials operations of Johnson Matthey, another company ultimately controlled by Anglo American.

With annual sales [illegible] £44m, JM [illegible] the UK market [illegible]. Its operations in Dublin and Birmingham have been merged with [illegible] of Knight [illegible] Day (also in Birmingham) and the combination renamed Cookson Precious Metals.

[illegible] analysts [illegible] that Cookson's move into the UK market [illegible] intentions of becoming [illegible] serious force in continental Europe triggered JM's decision [illegible] out. JM said the business [illegible] not fit [illegible] strategy and [illegible] achieving only a 2 per [illegible] return [illegible] net [illegible] against [illegible] required level [illegible] 20 per cent. Stern [illegible] reach [illegible] 20 [illegible] tar[illegible], mainly because of [illegible] keeping differences, JM bought all its precious metal, but Stern's policy [illegible] to lease metal.

Mr [illegible] Conley, president of Stern, [illegible] JM acquisition gave Cookson [illegible] critical [illegible] to compete in [illegible] Europe with the likes of Degussa [illegible] well [illegible] Hereaus of Germany and CLA (Chaudronnerie Légère d'Argenteuil) of France. [illegible] "This [illegible] busi[illegible] with [illegible] growth. [illegible] survivor [illegible] going to [illegible] well and we [Cookson] [illegible] heading in that direction."

[illegible] would [illegible] surprised to [illegible] Handy & Harman, [illegible] remaining big competitor in [illegible] US, quit, or [illegible] see CLA give up [illegible] Europe. [illegible] suggested it [illegible] likely [illegible] Engelhard [illegible] out [illegible] the [illegible] of [illegible] jewellery [illegible] in [illegible].

Stern Metals had [illegible] $230m [illegible] operating profit of $26.1m [illegible] 11.4 [illegible] return on sales, up [illegible] $204m, [illegible] an 11 per [illegible] return in [illegible].

The group employs 527 people and specialises in turning alloys containing pure gold and silver into more than 2,000 different items such as metal wire, [illegible] tubing and [illegible] grains. [illegible] make [illegible] into anything [illegible] cheap, [illegible] gold chains [illegible] some of the most expensive jewellery in the [illegible].

Cookson's products are used in all kinds of jewellery from the [illegible] the [illegible] expensive

The activities also include APM-Sterngold, [illegible] dental attachments company in [illegible] US, [illegible] processes [illegible] than [illegible] precious [illegible] annually [illegible] year reported [illegible] 73 [illegible].

Mr Fred Hammerle, [illegible] chief operating officer, suggested [illegible] partly [illegible] "incentive-[illegible]" workforce. For example, [illegible] Stern-Leach [illegible] prod[illegible] operations have an [illegible] called TCP – Teamwork + [illegible] Control = Profit – which [illegible] paid [illegible] of $1.8m, equivalent [illegible] nine weeks pay, for each of [illegible] 452 people included. The minimum payment was $2,761 and [illegible] more than $25,000.

Mr Dick [illegible], president [illegible] Stern-Leach, explained: "The scheme encourages people [illegible] do their own quality control. They don't make scrap. There is more [illegible] job [illegible] done. They don't [illegible] hire [illegible] people. They [illegible] like people goofing off."

With [illegible] many [illegible] them small businesses, [illegible] control [illegible] important [illegible] in Stern's [illegible]. Any [illegible] above $200,000 must go to the credit committee. Customers get 30 days to pay and then are charged at an annual rate of 15 per cent up to 60 days.

Some of this expertise can be passed on to the newly-acquired UK companies, as can many of Stern's production techniques – although Stern also expects to learn from the former JM people. Transatlantic exchanges of key production people already are being made.

Mr Conley says that tube, sheet and wire will be exported from the US, where there is very little incremental cost when output is increased, to the [illegible] for reworking. This should shorten UK delivery [illegible].

"Our main priority will be to rationalise the mill and dental operations. That should take nine months."

Then CPM would [illegible] looking seriously [illegible] exporting to Spain, Greece, [illegible] lia. JM's export experience [illegible] be [illegible] great value. Also, [illegible] with [illegible] Ser[illegible] should help [illegible] US dental business.

"But first we have to digest what we have so far. [illegible] want to make sure Cookson gets the return we promised."

Mr Geoff Allum, analyst at [illegible] no reason why [illegible] would be missed.

"With a good management team and a high market share you can rake it in. I can't see [illegible] stop them taking Europe by storm."

NEWS DIGEST

Recovery continues at Storm

[illegible] Group, [illegible] USM-traded multi-media [illegible], contin[illegible] during the second [illegible] 1993 and [illegible] the 12 months [illegible] pre-tax profits amounting [illegible] £122,000, compared with [illegible] restated in accordance [illegible] FRS 3.

[illegible] directors [illegible] they [illegible] to [illegible] capital reorganisation [illegible] would [illegible] the group "to [illegible] paying [illegible] possible".

Turnover fell from £6.04m to £5.23m but there were operating profits of £311,000 (£2.03m losses), after much lower exceptional [illegible] £107,000, against £2.05m.

The pre-tax figure was [illegible] higher [illegible].

Earnings [illegible] were [illegible] against [illegible] of 2.8p.

Directors [illegible] during [illegible] was [illegible]couraging [illegible] group's [illegible] portfolio and [illegible] interest in a number of its character properties.

The production facilities studio also contributed to profits, they added, with two series completed during the year.

Brooks [illegible] back in the black

In spite of fierce competition that led to price reductions in many areas, Brooks Service Group, the textile rental and retail services company, swung from losses of £392,000 to profits of £323,000 pre-tax for the year to December 25.

Turnover was marginally lower at £23.9m (£24.2m) but [illegible] charges [illegible] £348,000 [illegible].

Earnings [illegible] emerged [illegible] 3.13p (losses 1.76p) [illegible] proposed final dividend [illegible] 1p makes [illegible] total [illegible] 1.5p (nil).

Although trading conditions [illegible] difficult [illegible] directors [illegible] there [illegible] "encouraging" [illegible] in [illegible] had "laid a good foundation" [illegible] improved profitability.

Year-end gearing [illegible] reduced [illegible] per [illegible] per cent).

[illegible] shares [illegible] 1p higher [illegible] 74p.

Ipeco declines 29% to £2.35m

Ipeco Holdings [illegible] a 29 per [illegible] in 1993 pre-tax profits. [illegible] aviation and [illegible] industry supplier [illegible] on [illegible] conditions in [illegible] civil aerospace sector.

After restructuring costs of £200,000 the pre-tax figure was [illegible] (£3.3m).

Turnover was [illegible] higher [illegible] £20.3m (£19.9m).

The [illegible] said despite cost reductions, order rescheduling [illegible] core [illegible] equipment business lower. Trading in the [illegible] subsid[illegible] good [illegible] from the [illegible] operations and steady progress in the second half in [illegible] areas.

Earnings [illegible] share [illegible] (7.72p) but the [illegible] recommending [illegible] unchanged final [illegible] 2.3p, maintaining [illegible] total for [illegible] 3.8p.

Swallowfield [illegible] ahead [illegible] £1.63m

[illegible] cosmetics manufacturer, announced 28 [illegible] growth in pre-tax profits, from [illegible] for the year [illegible] December 31.

The advance was achieved on turnover ahead 23 per cent to £28.6m (£23.2m). Mr Terry Organ, chairman, said that with the current level of inflation it had been difficult to increase prices and the result reflected a rise in unit sales and improved efficiency.

Earnings per [illegible] 9.6p (7.3p) and [illegible] proposed final [illegible] of 3p lifts [illegible] from 4.4p to 5.2p.

Faber Prest joint venture in Singapore

Faber Prest, the industrial and distribution service group, has entered the growing [illegible] Asian market with [illegible] acquisition [illegible] a 45 per cent stake in a subsidiary [illegible] Singa[illegible] maximum S$1.98m (£855,000).

Faber has [illegible] entered [illegible] joint [illegible] with [illegible] Hut AS Steelworks, Ostrava, the largest steel producer in the Czech Republic. The [illegible] establishes the [illegible] leading [illegible]plier of specialist slag [illegible] services in [illegible] country.

In addition, [illegible] Steel, to whom full [illegible] mill services are provided, has approved in principle an increase in activities and an [illegible] the existing [illegible] term to the [illegible] 2008.

[illegible] reported [illegible] International had dropped [illegible] legal action against [illegible].

BP sells interest in Hikurangi estate

British [illegible] in the Hikurangi forest estate in New Zealand to Fletcher Challenge, its joint partner in the venture, for $71m (£48.6m).

[illegible] interest, comprising 35,800 acres, is out of a total of 58,000 of radiata pine. The sale is scheduled for completion on April 29.

One-off items hit Estates & Agency

A number of one-off items left pre-tax profits at [illegible] Agency Holdings, the property investment company, lower [illegible] £283,000 for the six months to December 31, against £416,000.

The company said that costs relating to the sale of a site in Plymouth, offset by non-recurring income, [illegible] operating profits by [illegible].

The [illegible] in an exceptional credit [illegible] being the net surplus [illegible] the [illegible].

Gross [illegible] £2.65m (£2.48m). Earnings per share [illegible] at 3.94p (6.89p). The interim dividend is raised to [illegible].

COMMODITIES AND AGRICULTURE

Silver's bull run written off [illegible] hedge funds sell

By Kenneth Gooding, Mining Correspondent

The "audacious" foray into the silver market by the [illegible] hedge funds [illegible] coming to an end, according [illegible] Mr Ted Arnold, analyst at [illegible] Merrill Lynch financial services group.

The weight of physical selling of silver following [illegible] price [illegible] a fall in demand in India, the biggest market for the metal, [illegible] troy ounce] [illegible] are unattainable [illegible] funds want [illegible] throw huge resources into the market."

Recent evidence [illegible] the funds are doing the opposite [illegible] starting to realise their profits, [illegible] Mr Arnold in Merrill's Weekly Futures Report.

He [illegible] the funds' physical silver holdings, built up [illegible] the [illegible] months, [illegible] probably in their [illegible] at [illegible] to [illegible] an ounce compared with [illegible] spot price for [illegible] period of [illegible] night silver [illegible] in London up 1 cent [illegible]

Mr Arnold points out that the average London spot price in 1993 was $4.29 after $3.94 in 1992. So many producers, smelters and stockholders per[illegible] $5.50 an [illegible] be [illegible] high price and try to sell when the price rallies above [illegible]

"Meanwhile, in Europe phys[illegible] silver continues to [illegible] into [illegible] from the Commonwealth of Independent [illegible], the Middle [illegible] and, to a lesser extent, from Asia."

Mr Arnold said last night that "a [illegible] nail in [illegible] bull's coffin" [illegible] the revelation by Bankers Trust last Friday that it had moved all but 1m ounces [illegible] its [illegible] from [illegible] York Commodity Exchange warehouses to [illegible] Chase Manhattan Bank. Four months [illegible] Bankers Trust had more than 25m [illegible] in Comex warehouses and [illegible] then total [illegible] by [illegible] 35m [illegible] fall [illegible] in silver's rally [illegible] months to [illegible] 4½-[illegible] peak.

MARKET REPORT

Crude futures [illegible] 1994 highs

London OIL [illegible] yesterday hit [illegible] peaks in [illegible] rally sparked mostly by tighter North [illegible] supplies and brisk demand. At the [illegible] Petroleum Exchange May delivery Brent Blend [illegible] up [illegible] $15.15 [illegible] barrel, [illegible] highest for [illegible] prompt contract since November [illegible] the first [illegible] it [illegible] topped [illegible] since February 3.

COFFEE prices [illegible] throughout the day at the London Commodity Exchange, [illegible] second month ending at [illegible] day's lows [illegible] expected correction following [illegible] strong gains.

London Metal Exchange ALUMINIUM prices broke lower but just [illegible] managed to hold above [illegible] $1,305 a tonne [illegible] months delivery [illegible] Chinese [illegible] price dips. The price [illegible] a tonne, down [illegible] the day.

NICKEL prices bounced smartly in [illegible] afternoon, with [illegible] market capitalising [illegible] good downside support below $5,600 a tonne, virtually [illegible] early losses.

[illegible] prices collapsed during [illegible] after hours "kerb" [illegible]sion, with stop-loss selling orders triggered below [illegible] tonne, following Wednesday's failure above $470.

Compiled from Reuter

Ashanti puts the gold back into the Gold Coast

Paul Adams on next week's flotation of the jewel in the crown of Ghanaian mining

When Ashanti Goldmines Corporation is floated on the London Stock Exchange next week the Ghanaian government will have put in place the most important part of its privatisation programme.

It already has divested most of the State Gold Mining Corporation's stakes in local mines, usually retaining 10 per cent of these ventures. In the case of Ashanti, the jewel in the crown, it [illegible] reducing its shareholding from 55 per cent to 31.3 per cent.

Since new mining laws in 1986 opened Ghana's moribund mining industry to foreign capital and expertise, Australian mining companies have been particularly ready to lead the way with investment and management, bringing with them their expertise in open pit mining.

For example, the share price of Golden Shamrock in Australia has risen sharply since in late 1992 [illegible] began producing gold [illegible] the Iduapriem mine, some 100km south of Ashanti.

Golden Shamrock [illegible] the main shareholder in Ghanaian Australian [illegible] joint venture with the International Finance Corporation and the Ghanaian government. The mine, which in 1992 had more than 1m troy ounces of proven [illegible] probable gold reserves, is producing about 110,000 ounces a year.

Two junior [illegible] panies, Ranger Minerals and Associated Goldfields are also investing in the region. Ranger [illegible] A$27m for Abosso [illegible] Fields, [illegible] Iduapriem. Kiwi Gold Fields is financing a small property south of Ashanti. Meanwhile, the Southern Cross mine has been acquired by Obenomase Gold Mines, 90 per cent owned by Turnbull Doyle Resources of Australia, which is seeking [illegible] stock market listing.

Some South African companies have also been attracted to the region by the relative political stability of Ghana and low production costs. Gold Fields of South Africa bought Tarkwa gold mine in western Ghana from the state mining corporation last year and since July has doubled production to 4,000 ounces a month while halving the workforce to 1,400.

Johannesburg Consolidated Investments is to manage Prestea, near Tarkwa, at present state-run. Billiton, part of the Royal Dutch/Shell group owns the Bogosu mine, one of the assets Gencor of South Africa [illegible] acquire [illegible] Bogosu [illegible] producing about 100,000 ounces [illegible] year.

Cluff Resources of the UK is developing a 30,000-ounces-a-year gold mine at Ayanfuri, west of Dunkwa. Further north, Pioneer Corporation, another Australian company, has taken over the mine at Teberebi and increased the production rate from 160,000 ounces last year to 240,000 ounces. The Canadian group Bonte Gold has bought an alluvial gold mine and begun trial production [illegible] 1,200 ounces [illegible] month.

Of course none of these [illegible] compare with Ashanti, one of [illegible] world's richest gold mines. Ashanti's production has increased threefold since 1986 from [illegible] to 770,410 ounces in the financial [illegible] ending September [illegible] The [illegible]ny's expansion programme is ahead of schedule [illegible] it expects output to reach 1m ounces by 1995, which would make it one of the the world's top 10 gold producers.

Financial Times Gold Mines Index

The FT Gold Mines Index Committee has announced that Ashanti Goldfields appears likely to meet the eligibility requirements of the FT Gold Mines Index after its scheduled public listing on April 26. The stock is expected to be added to the Index with effect from April 27.

Ashanti's [illegible] profits were $90.5m, [illegible] from [illegible] previ[illegible] year. Production [illegible] in the [illegible] per cent world[illegible] According [illegible] Mr [illegible] Jonah, [illegible] tive, [illegible] mine is poised for substantial expansion. "There [illegible] why [illegible] producing [illegible] next 50 years," he [illegible] "particularly [illegible] exploration programme [illegible] first time in our history.

"The aggregate of the company's [illegible] and probable ore reserves has increased to 18.1m [illegible] from 16.8m. [illegible] years running new delineated gold reserves have exceeded production."

Ashanti has just acquired a 140 sq km concession for exploration, adjoining the existing 256 sq km at the Obuasi site, about 180km north of Accra. Last year cash operating costs were $173 an ounce, rising to $253 if depreciation and royalties were included, against an average market price over the year of $357 an ounce.

Industry analysts rate Ashanti as one of [illegible] world's finest gold prospects. Its strength lies in the variety of ore deposits extracted from both deep mines and open pits. Material is treated by four separate processing plants. The open pit operations, begun in 1990, cut production costs and funded the investment in the underground infrastructure, which is expensive to develop but opens the way to much big[illegible]

Apart from [illegible] volatility [illegible] the [illegible] market the investment [illegible] in Ashanti [illegible] linked to [illegible] political future. President Jerry Rawlings' government has been the leading exponent of economic liberalisation in black Africa, [illegible] in Ghana will depend on [illegible] continuation of his policies, [illegible] by the International Monetary Fund.

Ashanti's recovery in the 1980s and the current $305m Ashanti Mine Expansion Project have been funded partly by the IMF's offshoot, the International Finance Corporation and participating lenders. The management believes that the flotation will free Ashanti from the "shackles" of the IFC, giving it the flexibility to develop mining operations elsewhere in Ghana and abroad.

Since the [illegible] Lonrho has been the other major shareholder in Ashanti, with 45 per cent, and [illegible] managed [illegible] operations. The company's first flotation is a complex transaction, with two offers on the Ghanaian stock exchange and one in London. When dealing [illegible] the [illegible] will [illegible] tradeable simultaneously in both markets.

The company is taking the opportunity to raise new money by issuing 3.5m new [illegible] which will dilute Lonrho's holding to 43.1 per cent. The Ghanaian government and Lonrho have undertaken, subject to certain exceptions, not to increase or decrease their shareholdings for two years. The government will retain a "golden share" to protect Ghana's national interest.

International advisers to the flotation, stockbroker James Capel and merchant bank Morgan Grenfell, have indicated a price range between $17 and [illegible] share, which [illegible] Ashanti at $1.42bn to $1.67 bn. The price will be finally be fixed when dealing starts in London on Tuesday.

Shares worth at least $68m are being offered to Ghanaian and other West African investors. This is equivalent to 45 per cent of the previous total capitalisation of companies quoted on the Acra stock exchange, and is over 10 per cent of Ghana's total bank liquidity. Some 10,000 Ashanti employees are to receive five free shares each in the flotation.

Producers silent on rubber pact stance

Rubber producers at the United Nations-sponsored negotiations here on a new international accord were yesterday still refusing to outline their position publicly, reports Reuter from Geneva. And with just one more day to go to wrap up the 10-day 28-nation conference, observers were suggesting that might result in delegates having to return home empty-handed.

"It's difficult to say, we're still in discussion. . . I have no details yet," said the rubber exporters' spokesperson Ms Rosediana Suharto, director of the Indonesian Export Training Centre at the country's Department of Trade.

But experienced negotiators were not entirely negative.

"Just because the producers are not talking doesn't mean they might not try to strike a last-minute deal in informal discussions," an official close to the conference secretariat said.

"If they appear to be agreeing now, they might give away some bargaining power later on today." And an African producer delegate said: "There are not many disagreements within the producers' group, it's going better than the cocoa talks".

But a producer delegate from one of the top three Asian growers was less hopeful. "We haven't narrowed it down enough," he said.

"If we don't get something to deal on by tonight, the talks will have failed," European Union representative Mr Derek Taylor said. But he knew of a number of private consultations later on.

Success or failure depended on just a few articles within the envisaged treaty, officials said. The two sides still differed on the reference price, the price range to be defended by buffer stock operations and how to review and revise the price.

Low oil prices should not trigger energy crisis, says IEA chief

Current low oil prices [illegible] crisis, despite [illegible] that they [illegible] discourage [illegible] opment [illegible] feelings among producer nations, [illegible] chief [illegible] International Energy Agency said [illegible] yesterday, reports Reuter from Kyota.

Ms Helga Steeg, IEA executive director, in Japan to attend [illegible] IEA board meeting, suggested that serious energy shortages could be averted if consuming and producing [illegible] a co-operative environment.

She [illegible] had held many [illegible] with producer nations [illegible] oil companies [illegible] Gulf [illegible] long-term [illegible] investment climate, [illegible] "Oil companies have [illegible] prices [illegible] important element [illegible] the only [illegible] [in deciding development projects]".

Ms Steeg [illegible] producing countries, most of which were still economically in the development stage, [illegible] western [illegible] funds and [illegible]nology and [illegible] interested in co-operating [illegible] consumer [illegible]

[illegible] IEA [illegible] was [illegible] two-way investment flow, [illegible] oil companies invested in upstream sectors [illegible] producing countries [illegible] producers invested in [illegible] - [illegible] petrol [illegible]tions - in [illegible]," she explained.

That would enable the producing [illegible] "see with their own eyes and experience what the problems are."

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

([illegible] from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1284.5-5.5	1309-9.5
Previous	1294-5	1320-20.5
High/low		1316/1305
AM Official	[illegible]	1314-4.5
[illegible] close		1308-8.5
Open int.	266,188	
Total daily turnover	56,593	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1340-50	1330-2
Previous	1323-8	1323-5
High/low		1338/1320
AM Official	1323-8	1323-8
Kerb close		1330-2
Open int.	4,811	
Total daily turnover	583	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	[illegible]	460.5-1.0
Previous	457.5-8.5	472.0-2.5
High/low		468/456
AM Official	447-7.5	461-1.5
Kerb close		456-7
Open int.	33,692	
Total daily turnover	[illegible]	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	5535-45	5605-15
Previous	5560-70	5630-35
High/low		5630/5580
AM Official	5512-5	5590-5
Kerb close		5630-5
Open int.	63,52[illegible]	
Total daily turnover	6,990	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5445-55	5605-10
Previous	5490-5	5545-50
High/low		5520/5505
AM Official	5455-60	5510-15
Kerb close		5515-20
Open int.	18,212	
Total daily turnover	5,650	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	932.5-3.5	953-4
Previous	941.5-2.5	962-4
High/low		959/952
AM Official	935-6	956-6.5
Kerb close		962-2.5
Open int.	101,385	
Total daily turnover	16,207	

■ COPPER, grade [illegible] ($ per tonne)

	Cash	3 mths
Close	1863.5-4.5	1882-3
Previous	1885.5-6.5	1901-2
High/low	[illegible]	[illegible]
AM Official	1866-6.5	1883-3.5
Kerb close		1881-2
Open int.	197,700	
Total daily turnover	[illegible]	

■ LME AM Official £/$ rate: 1.4746

LME Closing £/$ rate: 1.4736

Spot:1.4771 [illegible] 6 mths:1.4704 9 mths:1.4667

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	Low	Open int	Vol
Apr	[illegible]	[illegible]	86.80	86.80	430	61
[illegible]	86.85	-0.30	87.15	86.10	22,312	98
[illegible]	[illegible]	-0.25	[illegible]	[illegible]	[illegible]	58
Jul	87.10	[illegible]	87.30	86.30	[illegible]	[illegible]
[illegible]	87.10	-0.20	-	-	[illegible]	5
Sep	87.15	-0.30	[illegible]	[illegible]	5,046	1
Total					55,233	674

PRECIOUS METALS

■ LONDON BULLION MARKET

([illegible] supplied [illegible] N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	377.25-377.75	
Opening	377.60-378.00	
Morning fix	378.55	256.698
Afternoon fix	377.65	255.653
Day's High	381.50-382.00	
Day's Low	376.25-376.75	
Previous close	378.00-378.40	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.37	6 months	3.75
2 months	3.42	12 months	4.20
3 months	3.48		

Silver Fix	p/troy oz.	US cts equiv.
Spot	362.30	534.00
3 months	366.65	538.85
6 months	371.40	544.65
1 year	382.35	559.90

Gold Coins	$ price	£ equiv.
Krugerrand	379-382	257-260
Maple Leaf	388.15-390.05	-
New Sovereign	89-92	60-63

Precious [illegible] continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

■ [illegible] OIL IPE

■ HEATING OIL NYMEX (42,000 US galls; c/US galls)

■ GAS OIL IPE

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

■ UNLEADED GASOLINE NYMEX (42,000 US galls; c/US galls.)

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

■ BARLEY LCE (£ per tonne)

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

■ SOYABEAN MEAL CBT (100 tons; $/ton)

■ POTATOES LCE (£/tonne)

■ FREIGHT (BIFFEX) LCE ($10/index point)

SOFTS

■ COCOA LCE (£/tonne)

■ COCOA CSCE (10 tonnes; $/tonnes)

■ COCOA (ICCO) (SDR's/tonne)

■ COFFEE LCE ($/tonne)

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

■ COFFEE (ICO) (US cents/pound)

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

■ WHITE SUGAR LCE ($/tonne)

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

■ COTTON NYCE (50,000lbs; cents/lbs)

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

MEAT AND LIVESTOCK

■ LIVE CATTLE CME [illegible] cents/lbs)

■ LIVE HOGS CME (40,000lbs; cents/lbs)

■ PORK BELLIES CME (40,000lbs; cents/lb)

LONDON TRADED OPTIONS

■ COCOA LCE	May	Jul	[illegible]	[illegible]
875	13	81	5	[illegible]
900	3	37	[illegible]	[illegible]
925		27	42	60

■ BRENT CRUDE IPE	May	Jun	[illegible]	Jun
1400	-	-	-	[illegible]
1450	12	63	2	27
1500	1	33	-	-

LONDON SPOT MARKETS

■ [illegible] OIL [illegible] barrel/Jun) +or-

Dubai	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible] Blend (Jun)	[illegible]	[illegible]
W.T.I. (1pm est)	[illegible]	[illegible]

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$168-170	+2
Gas Oil	$153-155	+2
Heavy Fuel Oil	$69-71	+1
Naphtha	$141-143	+2
[illegible]	[illegible]	[illegible]

Petroleum Argus Estimates

■ OTHER

Gold [illegible] troy oz)♣	$377.50	-0.70
Silver (per troy oz)♣	529.50c	-1.00
Platinum (per troy oz.)	$400.50	+2.00
Palladium (per troy oz.)	$132.75	[illegible]
Copper (US prod.)	91.00c	
Lead (US prod.)	35.00c	
Tin (Kuala Lumpur)	14.49r	+0.03
Tin (New York)	253.50c	
Zinc (US Prime W.)	Unq.	
Cattle (live weight)†‡	126.70p	-2.25*
Sheep (live weight)†♠	140.34p	-13.3*
[illegible] (live weight)	74.57p	-4.83*
Lon. day sugar (raw)	$266.6	+9.9
Lon. [illegible] sugar (wte)	$326.0	+7.0
[illegible] Lyle [illegible]	£294.0	+8.0
Barley (Eng. [illegible]	Unq	
[illegible] (US No3 Yellow)	$137.5	
[illegible] (US [illegible] North)	£165.0x	+5.0
Rubber [illegible]	69.25p	+0.25
Rubber (Jun)♥	69.50p	+0.25
Rubber (KL RSS [illegible] Apr)	253.50m	-0.5
[illegible] Oil (Phil)§	$545.0t	-5.0
Palm Oil (Malay.)§	$417.5w	
Copra (Phil)§	$355.0	-4
Soyabeans [illegible]	£204.0	
Cotton Outlook [illegible] Index	84.40c	+1.2
[illegible] (64s [illegible]	409p	+12

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. z Mar/Apr. y Jun. w May. t May/Jun. v Apr/May. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. [illegible] (Live weight prices). * Change on week, provisional prices.

Wool

Prices in Australia moved strongly ahead at the first sale to be held since the Easter recess, at Sydney on April 12, but since then the market has been steady and firm but not significantly dearer. The market indicator closed at 567 cents, 9 cents higher than at the closing sale before Easter. Prices paid for other wool in New Zealand moved from firm to slightly dearer at post-Easter sales, and South Africa this week was appreciably dearer in rand terms, though a good deal less so if softness in the rand is taken into account. Business in the wool-using industry is almost invariably said to be quiet, with few new orders placed and considerable price resistance. Wool's dearer trend this year is nevertheless not in doubt, even if progress is slow.

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Apr 14	Apr 13	month ago	year ago
1805.2	1816.1	1830.3	[illegible]

■ CRB Futures (Base: 4/9/56=100)

Apr 13	[illegible]	[illegible]	year ago
222.60	[illegible]	[illegible]	211.95

CROSSWORD

No.8,429 [illegible] by QUARK

ACROSS

1 A 20 US novelist was Jack (6)
4 A 20 for carpet, lace and veg? (8)
9 Upset Gary with the heartless whirl (6)
10 Handsome lettering in part could be on menu (8)
12 Side pan outside right: Combined effort needed (8)
13 The sharp pain is one of two, for example returning (6)
15 One in light yellow initially inclined to fawn (4)
16 Key worn out is very important but not 20 (3,4)
20 See 1 across, 3, 4, 5, 21, 23, 24, 30, 31 (7)
21 A 20 is smart, we hear (4)
25 Lo! Very changeable, excessively so (6)
26 Operetta to fix in advance? (8)
28 One with lumbago might get restraint (4,4)
29 Cause of food-poisoning lady put out as fish (6)
30 A 20 near crab at sea (8)
31 A 20 crazy [illegible] journey short (6)

DOWN

1 Minister's residence with sign outside gate damaged (8)
2 Usually man's friend (8)
3 A 20 with a power unit to ring up (6)
5 A 20 always seen in promenading (5)
6 A fine spinner (5)
7 Former temporary accommodation area (9)
8 A good sound player? (6)
11 Races in, beaten; it's dreadful to take (7)
14 Detectives including several coming up with energy (7)
17 Erring students? One's put in a false statement (9)
18 One introducing changes to produce improvement (with hesitation) (8)
19 [illegible] underground - den, possibly. Suspect could be (6)
22 Architectural style achieved stylishness lacking roof (6)
23 A 20 composer (6)
24 A 20 going ahead? (6)
27 Mark the rock formation (4)

Solution 8,428

مكتبة الأهرام

LONDON STOCK EXCHANGE

MARKET REPORT

Early losses reduced in erratic trading session

By Terry Byland, UK Stock Market Editor

The largely unexpected cut in German Discount [illegible] little inspiration yesterday to UK stock markets which were unnerved by weakness in US bonds and by erratic trading in UK government securities. Shares remained [illegible] the do[illegible] throughout the [illegible] although [illegible] FT-SE [illegible] recovered more than half of the 32 point [illegible] suffered as [illegible] hurriedly repositioned trading books following the Bundesbank's move. Trading [illegible] also disturbed by reports [illegible] two US helicopters had been [illegible] in the Middle [illegible] details of the incident did not arrive until [illegible]

Equities opened lower, [illegible] by [illegible] overnight in [illegible] New [illegible] bond markets. An attempted rally was helped by [illegible] trading programme from a leading securities [illegible] but [illegible] then reversed when gilts turned sharply down, following the US [illegible] trading in Europe.

The stock market paid little heed to [illegible] narrowing in the UK global trade deficit for January. [illegible] sharply extended, despite [illegible] cut from Germany, as equity dealers struggled with the extreme volatility in the [illegible] Uncertainty [illegible] had happened [illegible] Iraq helped depress the [illegible]

However, [illegible] the dust [illegible] strategists [illegible] little had changed in [illegible] market equation. "The [illegible] is continuing to [illegible] in [illegible] orderly fashion," [illegible] specialist. "But the [illegible] worries [illegible] eral bonds indicates that [illegible] of Europe decoupling [illegible] the US bond [illegible] may have been premature." However, published minutes [illegible] the regular meetings [illegible] UK chancellor [illegible] the exchequer [illegible] of England [illegible] to steady hopes for a cut in UK [illegible] in the [illegible] future.

[illegible] attempt [illegible] recovery [illegible] at first when [illegible] Street opened 13 Dow points off but resumed when the New York market moved up to show a 3 point gain [illegible] the Dow [illegible] London trading [illegible]

At the close, the [illegible] 100 [illegible] was a net 14.1 down at 3,131.7. Deal[illegible] and [illegible] volatility in bonds was causing pressures for many trading houses [illegible] well [illegible] restraining [illegible] equity market.

[illegible] Index futures played [illegible] important role [illegible] driving the [illegible] lying market. [illegible] Mid 250 Index, lacking involvement [illegible] the [illegible] future, closed 9.1 off at 3,792.1.

At [illegible] other [illegible] programme was identified in the second half [illegible] the session, [illegible] the day's Seaq total of [illegible] compared favourably [illegible] day's [illegible] swollen by [illegible] in several individual stocks.

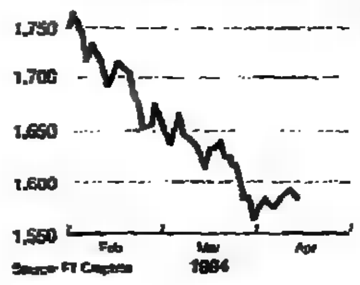
Retail, [illegible] in equities [illegible] worth £1.52bn on Wednesday but this [illegible] inflated by the move through the market [illegible] Transamerica International's [illegible] in Sedgwick, Britain's largest [illegible] Although [illegible] good recently, it [illegible] focused on share [illegible] placings, and pickings [illegible] been slim [illegible] involved.

Futures markets [illegible] optimistic [illegible] would [illegible] carefully overnight [illegible] attention would [illegible] focused on the US economic statistics on [illegible] capacity utilisation due [illegible] announced today.

Account Dealing Dates		
*First Dealings:		
Mar 28	Apr 11	Apr 25
Option Declarations:		
Apr 7	Apr 21	May 12
Last Dealings:		
Apr 8	Apr 22	May 13
Account Day:		
Apr 18	May 3	May 23

*New time dealings [illegible] business days earlier.

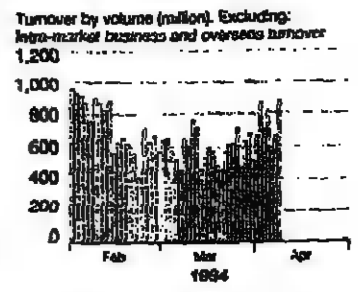
FT-SE-A All-Share index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Key Indicators

Indices and ratios

[illegible] 100	3131.7	-14.1	FT Ordinary index	2477.7	[illegible]
FT-SE Mid 250	3792.1	-9.1	FT-SE-A Non [illegible]	[illegible]	[illegible]
[illegible] 350	1591.9	-6.3	FT-SE 100 Fut Jun	3133.0	[illegible]
FT[illegible] All [illegible]	[illegible]	[illegible]	10 yr Gilt yield	7.69	(7.68)
FT-SE-A All-Share yield	[illegible]	[illegible]	Long gilt/equity yld ratio:	2.19	(2.18)

Best performing sectors		Worst performing sectors	
1 Oil Exploration	+0.9	1 Electricity	-1.6
2 Oil, Integrated	+0.8	2 Tobacco	-1.3
3 Breweries	+0.8	3 Pharmaceuticals	-1.1
4 Household Goods	+0.7	4 Telecommunications	-1.0
5 Mineral Extraction	+0.6	5 Retailers, Food	-1.0

Heavy turnover in Clyde

[illegible] exploration [illegible] Clyde Petroleum [illegible] centre [illegible] for much of the [illegible] sion [illegible] the Seaq ticker revealed that some [illegible] shares, equal to [illegible] issued capital, [illegible] sold into [illegible] market. The shares were sold at 29¾p, a discount of around 10 per cent to the then ruling market price, and 12.5m [illegible] subsequently placed [illegible] 30½p. Clyde [illegible] of [illegible] market's [illegible] active stocks on Wednesday [illegible] block of 3m shares [illegible] believed to have changed [illegible] Clyde [illegible] yesterday [illegible] a penny [illegible] at 33p.

[illegible] was no [illegible] regarding [illegible] possible identity of [illegible] seller yesterday. Recent hints that George Weston Holdings might have been unloading [illegible] by oil specialists, [illegible] there were strong suspicions [illegible] Fidelity, the [illegible] investment group, which recently [illegible] small block of stock, could have been the big seller.

Clyde was the star of a busy oil sector inspired by oil prices moving towards the [illegible] a barrel level. However, they later slipped [illegible] of [illegible] downing of [illegible] helicopters [illegible] Iraq [illegible] the [illegible] [illegible] given a further [illegible] by news that Salomon Brothers, the big US investment bank, had increased [illegible] year [illegible] price forecasts [illegible] above $16 a barrel. [illegible] nil paid [illegible] rights shares in Lasmo [illegible] by [illegible] least four leading marketmakers [illegible] placed [illegible] 18½p premium.

[illegible] largely in line with expectations from [illegible] Forte produced a mixed reaction among analysts - although the [illegible] positive [illegible] prevailed in the [illegible] pushing the [illegible] up [illegible] to 242p. [illegible] was a strong performance from London hotels and slightly firmer trading in the provinces. But there was [illegible] disappointment [illegible] of the write-down [illegible] assets, [illegible] continued [illegible] the group's debts.

BZW [illegible] the stock from [illegible] a buy, arguing that [illegible] such [illegible] those of sale and leasebacks of [illegible] now [illegible] aired and [illegible] the company's overall strategy was now in place. [illegible] Court [illegible] a hold, arguing that despite the recovery in London trading, the shares are fully [illegible]

Long-term bears [illegible] agreed, adding [illegible] with no dividend yield to speak of and little support in the asset backing, the shares are likely to undergo a continued derating. Profit forecasts for 1995 remained in the £125-30m bracket.

BSkyB benefits

News that satellite broadcaster [illegible] was partly [illegible] repay investors after raising £500m, helped leading shareholders Pearson, Granada [illegible] UK arm of 50 per cent shareholder [illegible] Corp.

Pearson, which will [illegible] £81m, saw its shares gain 5 to 645p, while Granada, which will get £64m, added 11 at 556p. News International improved 8 to 278p.

Huge turnover of 6.5m shares surrounded Aegis, the media [illegible] communications group, after [illegible] two-way pull on the stock developed. The company reported [illegible] loss of £18.1m against a loss of £10.9m [illegible] previous year. Some analysts said that all the bad news was out in the open and the company poised for recovery. The shares held steady at 23¼pp.

[illegible] Blue Circle Industries continued the run of excellent results [illegible] the sector, announcing preliminary profits above most analysts' expectations. BCI [illegible] touched 339p before ending [illegible] higher at 333p. Sector specialists were particularly pleased with the company's performance in the US and said they expected substantial profits upgrades to follow the results.

[illegible] 12 more to [illegible] by good [illegible] announced on Wednesday and additionally helped by [illegible] bank interest rate cuts. Redland, like [illegible] heavily involved in the German market, moved up [illegible] to 556p. Caradon was a lone poor performer in the sector, the shares slipping 8 to 347p in the wake of a big selling order.

[illegible] in British Steel hit a [illegible] high adding [illegible] to 152¼p. after [illegible] Sachs issued a buy recommendation. Turnover rose to 18m, to make [illegible] one the most active stocks.

Market watchers attributed some [illegible] the day's buying to institutions that had attended a company presentation on Wednesday hosted by Cazenove.

Vodafone attracted [illegible] bouts of selling pressure from the US where investors focused [illegible] the potential threat to the [illegible] cellular phone companies from Orange, the new service being launched [illegible] the end of the month by Hutchison. V[illegible] shares 8½ to 517½p after good turnover of 4.2m.

The Scottish generators were given [illegible] rough ride in [illegible] generally [illegible] utilities area [illegible] BZW, the investment bank, downgraded the [illegible] stocks. Scottish Hydro fell 19, or 5 per cent, to close at 352p, while Scottish Power dropped 13, or 3.3 per cent, to 379p.

Textile group Lamont lifted 9 to 433p following a sharp rise in annual profits [illegible] £11.4m [illegible] previously.

Pharmaceuticals group [illegible] fell [illegible] to [illegible] US investment group Morgan Stanley [illegible] its weight to [illegible] gloomy views overhanging [illegible] company and reiterated [illegible] Glaxo options were [illegible] active with [illegible] equiv[illegible]

News of an Office [illegible] Fair Trading inquiry into [illegible] supply [illegible] some Japanese electronic goods [illegible] warehouse retailers upset Dixons, with the shares off 5½ at 197½p. The OFT probe [illegible] reported [illegible] looking at the suppliers' reluctance to provide goods to the [illegible] groups. BZW was said to be among the sellers.

Allied Lyons jumped [illegible] 571p with 7.6m traded, with Smith New Court said to be positive. Grand Metropolitan, off 7 at 468p, was undermined by news of the loss of a US contract to a [illegible] of Guinness, up 2 [illegible] 171p. Whitbread put on 5 to 549p.

Engineering group IMI jumped 12 to 355p, with Smith N[illegible] Court upgrading [illegible] expectations.

Reg Vardy put on 15 to 210p, after issuing an upbeat trading statement ahead of today's analyst visit to the group.

MARKET REPORTERS: Joel Kibazo, Peter John, Christopher Price, Steve Thompson.

■ Other [illegible] Page 2[illegible]

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (38). BANKS (1) Tokai, [illegible] (1) Kirk. CHEMICALS (3) Euro Colour, Hickson, Yule Catto. DISTRIBUTORS (1) Denmans. ELECTRICAL & ELECT EQUIP (3) Mcintosh, Philips, Toshiba. ENGINEERING (9) EXTRACTIVE INDS (3) HOUSEHOLD GOODS (3) Portmeirion Potts, Swallowfield, Waterford Wedgwood. INVESTMENT TRUSTS (1) IUF. INVESTMENT COMPANIES (1) Japanese Warrant Fd. MEDIA (1) Telegraph. OIL EXPLORATION & PROD (1) Sun Res. OTHER FINANCIAL (2) S & U Prf., Western Selection. PHARMACEUTICALS (1) Fisons. PRTNG, PAPER & PACKG (2) Bund, Smith (D. S.). PROPERTY (1) Aukett Assocs. RETAILERS, GENERAL (1) Olives. SUPPORT SERVS (2) Aortech, Trace Computers. TEXTILES & APPAREL (2) Dewhirst, Dukes Heal. TRANSPORT (1) P & O Prf. AMERICANS (1) [illegible] & West.

NEW LOWS (98). GILTS (1) BANKS (1) Royal Bk. of Scotland. [illegible] (1) Morland. BLDG MATLS & MCHTS [illegible] Ashley Prf., Caradon Prf., Newman-Tonks. DISTRIBUTORS (1) Farnell. DIVERSIFIED INDLS (3) Charter, Hanson, Do. 9½pc Cnv Bd. ELECTRICITY (4) National Power, PowerGen, Scot. Hydro, Scot. Power. ELECTRIC & ELECT EQUIP (2) Dewhurst 'A', Race. ENGINEERING (3) Hall Eng., Hunting Prf., Oxford Instruments. EXTRACTIVE INDS (10) GAS DISTRIBUTION (1) British Gas. INSURANCE (3) Fenchurch, Independent Insce, USF & G. INVESTMENT TRUSTS (7) INVESTMENT COMPANIES (3) LEISURE & HOTELS (1) IMC. LIFE ASSURANCE (3) Lloyds Abbey Life, Trans B Cnc Cv Pf, Utd Friendly B. MERCHANT BANKS [illegible] Barings Prf. OIL EXPLORATION & PROD (3) Alliance Res., Clyde Petm., Global Nat Res. OIL, INTEGRATED (1) [illegible]. OTHER [illegible] (3) M. & G., Smith New Court Cnv. Prf. OTHER SERVS & BUSNS (1) Attwoods. PHARMACEUTICALS (4) Glaxo, Lilly (E), SmithKline Beecham A, Wellcome. PRTNG, PAPER & PACKG (1) NMC Prf. PROPERTY (3) Dencora, Derwent Valley, Hammerson Props. 7.5pc Ln 2027. RETAILERS, GENERAL (3) Alexon, Colorvision, Dixons. SUPPORT SERVS (3) Micro Focus, Misys, Vinsbury. TELECOMMUNICATIONS (5) Bet Telecom, Vodafone. TEXTILES & [illegible] (4) Albion, Faupel Trading, Haggas (J), H[illegible]. TRANSPORT (1) Tiphook. WATER (4) Chesm A, East Surrey, Southern, Wessex. AMERICANS (7) CANADIANS (8) SOUTH AFRICANS (1).

EQUITY FUTURES AND OPTIONS TRADING

Derivatives dealers reported a lacklustre trading session as traders watched developments in the bond markets, writes Joel Kibazo.

The first trade in the June contract on the FT-SE 100 was struck at 3,167. Buying mainly from independent traders saw it move gently ahead to reach the day's high of 3,178, mid morning.

The retreat in UK gilts brought a turnaround in the fortunes of June and the contract drifted lower as a nervous period [illegible] in as dealers waited [illegible] news on German interest rates. The downing of two US helicopters also unsettled trading ahead of lunch. The reduction in rates by the Bundesbank reversed some of the earlier decline before the weakness in bond markets once again led to renewed selling which saw the contract test the 3,139 support level.

It finished at 3,141, [illegible] premium to cash, with volume improving to 14,698 lots. The mid 250 contract was also busy, trading 425 contracts and closing at 3,785.

Volume in traded options at 42,055 was just below Wednesday's level. The FT-SE 100 option traded 16,254 lots and the Euro FT-SE 7,841 contracts. Glaxo was the busiest stock option with a total of 2,212 lots dealt followed by Redland at 1,905.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	[illegible]	[illegible]	Low	Est. vol	Open int.
Jun	[illegible]	[illegible]	[illegible]	[illegible]	3104.0	[illegible]	[illegible]
[illegible]	3143.0	[illegible]	-7.5	3147.0	3127.0	24	672
[illegible]	-	[illegible]	-6.0	-	-	0	10

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

Jun	3795.0	3785.0	-5.0	3795.0	3775.0	425	2750

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

Jun	3790.0	3785.0	[illegible]	3790.0	3780.0	69	[illegible]

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3130) £10 per full index point

	2950 C	2950 P	3000 C	3000 P	[illegible] C	[illegible] P	3100 C	3100 P	3150 C	3150 P	[illegible] C	[illegible] P	[illegible] C	[illegible] P	3300 C	3300 P
[illegible]	181	½	[illegible]	½	81	½	32	2½	5	25	½	71	½	121	½	171
[illegible]	197½	10½	[illegible]	24½	[illegible]	35	[illegible]	[illegible]	59	77½	[illegible]	107½	24	142	13½	181
[illegible]	213	30	176	44	[illegible]	57½	[illegible]	[illegible]	[illegible]	100	[illegible]	129	44	160½	30½	197
Jul	229½	44	192½	58½	[illegible]	74	131½	95½	109½	117	88	148	62	175½	48	210½
Dec†			260½	118½			280	162½			157	198			111	251

Calls 9,425 Puts 7,618

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2975 C	2975 P	3025 C	3025 P	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P	[illegible] C	[illegible] P
[illegible]	165	½	109	½	55	½	12½	9½	½	49½	½	99½	½	149½	½	199½
[illegible]	178½	20½	137	30½	101½	44½	71½	64½	47½	90	29½	122	17½	159½	10	201½
Jun	199	33	163½	46½	121½	64	93½	85½	70½	112	51½	142½	36½	177	25	215½
Sep			209½	85½			150½	124			103	174½			[illegible]	236½
Dec†			260	115½			191	153			141	199½			109½	256

Calls 3,736 Puts 4,342 * Underlying index value. Premiums [illegible] † Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

	3850		3900		3950		4000		4050		4100	4150	4200
Apr	1	65	½	115	½	165	½	215	½	265	315		
May	47½		64		45		14						

Calls 0 Puts 0 Settlement prices and volumes are taken at 4.30pm.

FT-SE Actuaries Share Indices — The UK Series

	Apr 14	Day's chge%	Apr 13	Apr 12	Apr 11	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	[illegible]	-0.4	[illegible]	3159.1	[illegible]	[illegible]	[illegible]	6.27	19.22	33.61	1162.00
FT-SE Mid 250	[illegible]	-0.2	3801.2	3808.3	3779.5	3065.9	[illegible]	5.30	23.21	30.07	1398.12
FT-SE Mid 250 ex Inv Trusts	[illegible]	-0.2	3817.8	3825.9	3797.3	3100.1	[illegible]	5.71	21.74	30.71	1390.28
FT-SE-A 350	1591.9	-0.4	1598.2	1604.1	1597.5	1406.3	[illegible]	6.04	20.03	16.04	1208.64
FT-SE SmallCap	1925.47	....	1925.58	1924.64	1914.02	1648.02	[illegible]	4.06	30.40	13.84	1472.62
FT-SE SmallCap ex Inv Trusts	1897.32	....	1898.47	1898.34	1886.71	[illegible]	3.09	4.50	27.82	13.80	1453.51
FT-SE-A ALL-SHARE	1582.70	-0.4	1588.59	1593.95	1587.25	1392.06	[illegible]	5.90	20.53	15.62	1222.66

■ FT-SE Actuaries All-Share

	Apr 14	Day's chge%	Apr 13	Apr 12	Apr 11	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(18)	2814.42	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	27.07	30.90	1035.59
12 Extractive Industries(4)	4018.42	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.44	27.09	41.61	[illegible]
15 Oil, Integrated(3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	24.88	31.69	1022.92
16 Oil Exploration & Prod(11)	1857.96	+0.9	1882.12	[illegible]	1894.85	1958.20	3.60	0.97	80.00†	15.36	1070.41
20 GEN MANUFACTURERS(269)	[illegible]	-0.2	[illegible]	2098.99	2087.88	1720.20	[illegible]	4.35	29.27	19.70	[illegible]
21 Building & Construction(31)	[illegible]	-0.9	1368.83	1357.49	1329.88	993.40	2.76	[illegible]	31.31	9.12	[illegible]
22 Building Matls & Merchs(30)	[illegible]	-0.1	2148.14	2140.89	2121.12	1527.60	3.31	[illegible]	36.48	16.43	[illegible]
23 Chemicals(21)	2459.00	-0.5	2470.74	2471.26	2476.69	2096.60	3.74	4.84	26.94	27.53	1071.38
24 Diversified Industrials(16)	[illegible]	-0.5	2069.81	2081.70	2076.26	1845.70	4.49	4.50	29.17	28.41	1026.72
25 Electronic & Elect Equip(34)	[illegible]	-0.6	2070.44	2061.71	[illegible]	1942.30	3.67	6.24	19.65	6.17	961.11
26 Engineering(71)	[illegible]	+0.4	1944.37	1939.87	[illegible]	1453.00	[illegible]	[illegible]	[illegible]	[illegible]	1096.79
27 Engineering, Vehicles(12)	[illegible]	+0.2	[illegible]	2370.72	2337.02	1713.00	[illegible]	[illegible]	77.62	29.56	1138.00
28 Printing, Paper & Pckg(27)	2603.06	-0.1	[illegible]	2622.36	2617.90	2329.70	[illegible]	4.40	[illegible]	[illegible]	[illegible]
29 Textiles & Apparel(20)	1826.76	[illegible]	[illegible]	1820.20	1805.27	1654.30	[illegible]	[illegible]	22.56	[illegible]	[illegible]
30 CONSUMER GOODS(96)	2704.71	-0.4	2714.94	2721.32	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31 Breweries(17)	[illegible]	+0.8	[illegible]	[illegible]	2243.67	2102.70	[illegible]	[illegible]	[illegible]	11.01	1001.77
32 Spirits, Wines & Ciders(10)	[illegible]	+0.3	[illegible]	[illegible]	2951.20	2880.50	[illegible]	[illegible]	[illegible]	41.44	[illegible]
33 Food Manufacturers(23)	[illegible]	-0.1	2341.15	2337.88	2337.68	2379.20	[illegible]	[illegible]	15.74	35.53	909.17
34 Household Goods(13)	2637.47	+0.7	2618.87	2611.60	2571.60	2325.60	[illegible]	[illegible]	16.47	35.56	937.45
36 Health Care(20)	1731.93	....	1731.51	1729.47	1716.76	1686.70	[illegible]	[illegible]	21.56	7.32	[illegible]
37 Pharmaceuticals(11)	[illegible]	-1.1	[illegible]	2778.22	2810.04	2821.40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
38 Tobacco(1)	[illegible]	-1.3	3829.42	3828.42	3821.23	3845.30	5.68	9.15	12.73	102.36	840.64
40 SERVICES(220)	[illegible]	-0.4	2049.69	2047.01	2032.78	1768.90	[illegible]	[illegible]	21.64	10.12	984.51
41 Distributors(37)	[illegible]	+0.4	3002.16	[illegible]	[illegible]	2820.40	[illegible]	[illegible]	23.88	31.44	[illegible]
42 Leisure & Hotels(23)	2251.10	[illegible]	[illegible]	[illegible]	2230.87	1713.00	[illegible]	[illegible]	27.44	13.63	[illegible]
43 Media(36)	[illegible]	....	3102.31	3093.63	3093.03	2245.40	[illegible]	4.66	25.32	25.37	[illegible]
44 Retailers, Food(17)	[illegible]	-1.0	1605.71	1614.16	1595.62	1956.80	[illegible]	10.04	[illegible]	[illegible]	823.74
45 Retailers, General(44)	[illegible]	-0.5	[illegible]	[illegible]	1743.69	[illegible]	[illegible]	[illegible]	[illegible]	5.26	[illegible]
[illegible] Support Services(40)	[illegible]	+0.1	[illegible]	[illegible]	1634.77	[illegible]	2.39	[illegible]	16.17	6.64	981.42
48 Transport(16)	2539.26	-0.7	2556.30	[illegible]	2519.15	[illegible]	3.32	[illegible]	31.77	11.04	977.93
51 Other Services & Business(10)	1144.44	-0.7	1152.82	[illegible]	1160.59	1251.60	4.68	2.38	80.00†	4.92	987.45
60 UTILITIES(36)	2285.57	-1.0	2318.25	[illegible]	2337.88	2137.30	4.35	7.59	16.25	5.60	856.54
62 Electricity(17)	[illegible]	-1.8	2240.85	2249.48	2248.82	1735.60	3.75	11.22	10.95	15.85	890.84
64 Gas Distribution(2)	[illegible]	-0.5	1936.51	1975.99	1986.40	2049.50	6.21	‡	‡	0.00	852.18
68 Telecommunications(4)	2018.01	-1.0	2039.04	2067.51	2058.03	1953.60	3.81	6.00	20.37	0.00	839.31
69 Water(13)	1783.56	+0.1	1782.25	1810.84	[illegible]	1761.40	5.16	14.24	8.26	3.46	868.74
69 NON-FINANCIALS(691)	1703.61	-0.3	1709.39	1714.62	1709.91	[illegible]	3.89	5.91	20.61	14.62	1181.01
70 FINANCIALS(103)	2280.59	-0.5	2292.82	[illegible]	[illegible]	[illegible]	[illegible]	6.74	17.70	38.93	[illegible]
71 Banks(10)	2894.09	-0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.16	65.66	[illegible]
73 Insurance(18)	1384.53	-0.4	1370.38	[illegible]	[illegible]	1331.90	4.69	[illegible]	14.49	27.77	[illegible]
74 Life Assurance(6)	2529.75	-0.6	2544.70	[illegible]	[illegible]	2581.80	4.91	[illegible]	17.92	83.38	[illegible]
75 Merchant Banks(6)	3006.72	-0.5	[illegible]	[illegible]	[illegible]	[illegible]	3.17	[illegible]	[illegible]	21.22	[illegible]
77 Other Financial(24)	1930.21	-0.2	1934.54	[illegible]	1913.07	1402.70	3.42	[illegible]	[illegible]	17.48	1012.34
79 Property(39)	1850.57	-0.2	1853.18	1857.03	1832.74	1210.70	3.72	4.00	31.71	7.31	924.58
80 INVESTMENT TRUSTS(122)	[illegible]	-0.4	2983[illegible]	[illegible]	2838.65	2238.80	[illegible]	1.77	57.24	19.58	[illegible]
89 FT-SE-A ALL-SHARE(858)	[illegible]	-0.4	1588.59	1593.95	1587.25	1392.06	[illegible]	5.90	20.53	15.62	[illegible]

■ Hourly movements

	Open	9.00	10.00	[illegible]	[illegible]	13.00	14.00	[illegible]	[illegible]	High/day	Low/day
FT-SE 100	3133.8	3140.9	[illegible]	[illegible]	[illegible]	3121.3	3113.8	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Mid 250	3796.1	3798.0	[illegible]	[illegible]	[illegible]	3793.3	3791.4	[illegible]	3791.2	[illegible]	[illegible]
FT-SE-A 350	[illegible]	[illegible]	[illegible]	1592.0	1591.5	1587.9	1584.[illegible]	[illegible]	1591.1	[illegible]	[illegible]

Time of FT-SE 100 High [illegible] Low 1.55pm

■ FT-SE Actuaries 350 Industry baskets

	[illegible]	9.00	10.00	11.00	12.00	[illegible]	14.00	[illegible]	[illegible]	Close	Previous	Change
Bldg & Cnstrcn	1313.1	[illegible]	1309.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1300.2	[illegible]	[illegible]
Pharmaceuticals	2686.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2677.4	[illegible]	[illegible]	[illegible]	2721.0	-31.6
Water	1772.2	1772.7	1794.5	[illegible]	[illegible]	[illegible]	1787.9	[illegible]	[illegible]	[illegible]	1778.0	+1.6
Banks	2932.3	2946.7	[illegible]	2930.9	2934.8	[illegible]	[illegible]	2924.1	2927.4	[illegible]	[illegible]	[illegible]

[illegible] information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times [illegible] One [illegible] Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at [illegible] same address. The FT "500" has been renamed FT-SE-A Non-Financials index. The FT-SE 100, the FT-SE Mid 250, FT-SE Actuaries 350 and the FT-SE Actuaries Industry baskets are calculated by the International Stock Exchange of the United Kingdom and Republic of Ireland and the FT-SE Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the [illegible] under a standard set of ground rules. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. The FT-SE Actuaries Share Indices are audited by The WM Company. † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative. DELETION: Magellan Industries (29).

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
ASDA Group	10,000	67	[illegible]
Abbey National†	2,100	474	[illegible]
Albert Fisher	1,000	68	
Allied-Lyons†	[illegible]	571	+16
Anglian Water	[illegible]	509	16
Argos	[illegible]	358	
Argyll Group†	[illegible]	344	[illegible]
Arjo Wiggins†	1,200	[illegible]	[illegible]
Assoc. Brit. Foods†	331	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Allied-Lyons	540	32½	41	52	1½	[illegible]	26½
(*570)	580	3	17	30½	23½	40	52½
Argyll	240	7	16½	22	3½	16	23
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
Hanson	240	21½	25	28½	1½	5½	9
(*259)	260	7½	13½	17½	7½	13	17½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* Underlying security price. Premiums shown are based on closing offer prices. [illegible] April 14 Total contracts: 42,055 Calls: 24,797 Puts: 17,258

FT GOLD MINES INDEX

	Apr 14	% chg on day	Apr 13	Apr 12	Apr 11	Year ago	Gross div yield %	52 week High	52 week Low
Gold Mines Index ([illegible])	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
■ Regional Indices									
Africa ([illegible])	[illegible]	-2.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3440.60	1486.27
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3013.69	1386.78
[illegible]	[illegible]	-1.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2806.65	1180.80

[illegible] The Financial Times Limited 1994. [illegible] Base value: 1000.00 31/12/92. [illegible] Gold Mines Index for Apr 14: [illegible] day's change: -1.5 points; Year ago: [illegible] Latest prices were unavailable for this edition.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	8	49	17
Other Fixed Interest	3	0	12
Mineral Extraction	62	71	79
General Manufacturers	118	160	[illegible]
Consumer Goods	39	62	[illegible]
Services	104	118	298
Utilities	5	36	5
Financials	51	144	183
Investment Trusts	37	[illegible]	[illegible]
Others	41	[illegible]	[illegible]
Totals	458	[illegible]	[illegible]

Data based on those companies listed on the London Share Service. The Traditional Options table appears on the Currencies and Money page in todays edition.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994 High	1994 Low	Stock	Close price p	+/-	[illegible] div.	Div. cov.	[illegible] yld	P/E net
100	F.P.	40.4	102	96	Abtrust High Inc	101		-	-	-	-
135	F.P.	40.9	142	[illegible]	Applied Distion	138		WN3.6	2.4	3.3	15.9
100	F.P.	11.1	99	[illegible]	Baronsmead Inv	[illegible]		-	-	-	-
-	F.P.	801.4	222	205	Capital Shop C'tre	[illegible]		u8.6	0.7	3.7	53.4
-	F.P.	9.51	227½	205½	Chester Water	[illegible]		†235.0	4.3	3.4	8.9
-	F.P.	17.9	325	283	Coal Invs Units	288	-15	-	-	-	-
-	F.P.	6.43	12	12	Dominion Energy	12		-	-	-	-
-	F.P.	98.0	50	45	Edinburgh Incs	[illegible]		-	-	-	-
-	F.P.	246.5	498	485	[illegible] C Inc Grwth	[illegible]	[illegible]	-	-	-	-
-	F.P.	62.0	104	100	Gartmore Brit Inc	104		-	-	-	-
-	F.P.	106.5	213	208	Do Units	213		-	-	-	-
110	F.P.	21.3	118	110	Groupe Chez Grd	114	-1	b-	-	-	16.5
180	F.P.	429.4	189	180	House of Fraser	187	[illegible]	LN5.0	2.2	3.3	18.8
180	F.P.	172.2	202	176	Inspec	[illegible]		-	-	-	-
51	F.P.	84.4	62	57	Israel Fund	[illegible]	+¼	-	-	-	-
110	F.P.	60.2	110	72	MAID	[illegible]		-	-	-	-
100	F.P.	118.2	94	87	Morgan G Lin Am	[illegible]		-	-	-	-
100	F.P.	6.10	105	90	Newport	100		-	-	-	-
165	F.P.	81.4	168	152	Nottingham	165	-1	u5.52	1.8	4.5	15.2
200	F.P.	67.3	228	218	Partco	[illegible]	[illegible]	L5.35	2.2	[illegible]	19.7
180	F.P.	20.1	188	180	Persona	[illegible]		LN3.84	2.9	[illegible]	14.9
100	F.P.	9.45	94	91	Piper Euro	[illegible]		-	-	-	-
-	F.P.	0.70	36	33	Do. Warrants	35		-	-	-	-
100	F.P.	65.0	103	93	Robert Wiseman	[illegible]		[illegible]	[illegible]	[illegible]	18.4
115	F.P.	20.9	118	115	R[illegible] Ests.	118		[illegible]	-	2.4	-
-	F.P.	117.4	508	[illegible]	[illegible]	[illegible]		-	-	-	-
130	F.P.	26.5	133	131	St [illegible]	131		RN9.8	1.7	[illegible]	18.2
130	F.P.	44.0	225	135	Trafficmaster	201	-5	-	-	-	-
100	F.P.	28.3	146	100	Unipalm	145	+5	b-	-	-	-
170	F.P.	89.6	170	154½	Wainhomes	[illegible]		R4.2	[illegible]	3.3	[illegible]
50	F.P.	11.3	72	63	Waste Recycling	70	+1	-	-	-	26.8
205	F.P.	82.0	220	203	Wellington	220		W8.17	2.0	2.9	21.3

RIGHTS OFFERS

Issue price p	Amount paid up	[illegible] Renun. date	1994 High	1994 Low	Stock	Closing price p	[illegible]
490	Nil	15/4	53pm	34pm	Allied Lyons Uts	[illegible]	
116	Nil	-	3pm	3pm	CALA	3pm	
65	Nil	18/4	21pm	8pm	Coal Invs	[illegible]	[illegible]
55	Nil	17/5	28pm	18pm	DCS	[illegible]	
56	Nil	-	10pm	7pm	Dale Electric	7pm	-1
6	Nil	11/5	1pm	¼pm	¾Dunton	¼pm	-¼
25	Nil	-	9½pm	8pm	Guinness Peat	9½pm	
35	Nil	9/5	2½pm	¾pm	Hollas	¾pm	
[illegible]	Nil	17/5	6pm	4pm	IAF	6pm	+1½
[illegible]	Nil	27/5	19pm	18pm	LASMO	18pm	
[illegible]	Nil	[illegible]	5pm	[illegible]	McCarthy & Stone	5pm	
[illegible]	Nil	-	8pm	[illegible]	Mowlem	[illegible]	-1
40	Nil	[illegible]	5pm	4p[illegible]	Olives Prop	[illegible]	
[illegible]	Nil	13/5	10pm	2½pm	Persimmon	[illegible]	+1
[illegible]	[illegible]	[illegible]	[illegible]	1½pm	Proteus Intl	1½pm	
60	[illegible]	[illegible]	[illegible]	8pm	Proudfoot	10pm	+1
115	Nil	11/5	12½pm	9½pm	Senior Eng	[illegible]	-1½
45	Nil	[illegible]	6¼pm	3½pm	Shandwick	3½pm	
[illegible]	Nil	11/5	16½pm	[illegible]	[illegible]	15½pm	+½

FINANCIAL TIMES EQUITY INDICES

	Apr 14	Apr 13	Apr 12	Apr 11	Apr 8	Yr ago	*High	*Low
Ordinary Share	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ord. div. yield	3.74	3.73	[illegible]	[illegible]	3.77	[illegible]	[illegible]	[illegible]
Earn. yld. % full	5.28	5.09	5.08	5.08	[illegible]	6.30	5.28	3.82
P/E ratio net	20.44	[illegible]	21.33	21.34	21.13	[illegible]	33.43	[illegible]
P/E ratio nil	21.30	22.21	[illegible]	[illegible]	22.00	[illegible]	30.80	[illegible]

*For 1994. Ordinary Share index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40. FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

[illegible]	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	[illegible]
2477[illegible]	2485.6	2481.9	2477.9	2476.2	2469.0	2463.7	2471.6	2477.0	2486.1	2463.5

	Apr 14	Apr 13	Apr 12	Apr 11	Apr 8	Yr ago
SEAQ bargains	24,787	[illegible]	29,749	[illegible]	[illegible]	30,362
Equity turnover (£m)†	-	[illegible]	1665.6	[illegible]	[illegible]	1296.3
Equity [illegible]†	-	29,506	33,830	32,620	38,392	32,235
Shares tra[illegible] (m)†	-	841.1	675.9	575.1	814.1	547.9

† Excluding intra-market business and overseas turnover.

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or -	1994 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£22½	-⅜	£25⅛	£22⅞	6,549	4.8	♦
ANZ A$		234¼	-4¾	278¼	220½	3,066	3.9	18.4
Abbey National	N□	[illegible]	+5	523	463	6,218	3.7	15.9
Allied Irish I£		[illegible]	+1	314	241	1,673	4.9	♦
Anglo Irish I£	M□	[illegible]	—	*70	56	182.7	7.7	10.2
Asahi Y		[illegible]	-2	759¼	628	16,492	0.7	-
Banco BB Viz Pta		£15½	+⅜	£18⅛	£14⅜	3,518	5.4	6.9
Banco Sant Pta		£31⅝	—	£34⅝	£29½	3,513	4.3	12.1
Bk Ireland I£	□	263	—	*319	248	1,239	4.7	19.4
Bank Scotland	□	188	—	247	183	2,188	3.1	25.5
9¼pc Pf		128	-¼	141½	128½	128.0	9.0	-
9⅜pc Pf		135	-¼	148½	131½	135.0	9.0	-
Barclays	N□	528xd	+4	640	487	8,542	3.6	21.8
Dai Ichi Kan Y		£12⅞	-⅛	£12⅞	£10⅞	38,687	0.4	68.5
Deutsche DM		£318¼	-5⅜	£344¾	£298¼	14,776	2.0	-
Espirito Santo		£20⅞	-⅛	£28⅛	£19⅞	222.6	3.8	5.0
First Nat Fin	N□	72	—	*90	60	118.3	2.6	-
6.3pc Cv Pf		83	-1	*90	77	5.68	9.5	-
7pc Cv Pf		149	—	171	123	70.7	5.9	-
Fuji Bank Y		1488½	-7½	1505½	1152½	43,131	0.4	-
HSBC Hk	□	810xd	-8	1133	749	14,223	3.6	♦
HSBC (75p Shs)	□	796xd	-7	1113	733	6,734	3.7	♦
Lloyds	N□	552xd	-6	680	540	7,883	5.0	11.7
Mitsubishi Y		£18⅞	-⅜	£18⅞	£15⅝	53,105	0.3	-
Mits Tst & Bk Y		1011½	-18¾	1034¼	687½	13,172	0.5	16.2
Mitsui Tst & Bk Y		767½	+2¾	811¼	514	9,197	0.7	26.1
Nat Aust A$		572	-3½	620¼	537¾	7,519	4.1	13.9
NatWest	N□	477xd	-7	622	448	7,832	4.8	10.9
Ottomane FFr		£30¼	-¼	£33	£27¾	151.2	4.6	7.3
Ryl Bk Scotland	N□	401	-7	528	398	3,196	3.4	18.1

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

ENGINEERING, VEHICLES - Cont.

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1994 high	low	Yld Gr's	NAV	Dis or Pm(-)
Pilot Inv		148	—	153	125½	8.4	124.0	-8.2
Warrants		55	—	69	44	-	-	-
C		110	—	117	102	-	108.2	-1.6
Primadona		267	-	283	267	2.1	326	18.2
Ptarmigan Intl		238	-1	276	232	8.4	257.7	7.6
Warrants		95	—	149	85	-	-	-
RIT Capital		174	—	189	170	0.8	219.0	20.5
2½pc Cv Ln 2000		£174	—	£186½	£170½	1.4	-	-
Radiotrust		65	—	88	79	-	68.2	-19.8
Rights & Iss Inc		155	—	164	153	7.0	-	-
Cap		490		535	449	2.2	521.8	11.8
Riv & Merc Am Inc		111xd	—	121	111	8.8	-	-
Cap		34½	—	38	31½	-	45.0	22.3
Warrants		14	—	17	13	-	-	-
Riv & Mer Ext		135	—	147	129	7.2	123.4	-8.6
Warrants		38	—	49	29	-	-	-
Zero Div Pf		113	—	118½	113	-	-	-
Riv & Mer Geared		100	+2	116	93	9.4	-	-
Pfd Cap 1999		27	—	35	26½	-	37.4	27.9
Riv & Merc Smlr		140	—	170	142	3.4	145.4	-1.1
Warrants		54	—	77	47	-	-	-
Riv & Merc Tst Inc		117	—	127	114	9.8	-	-
Cap		130	—	160	122	-	213.8	39.2
Warrants		34	—	40	32	-	-	-
Do. Stepd Pf		154xd		183	154	4.6	-	-
River Plate Inc		111	+1	113	106	10.0	-	-
Cap		100	—	118	95	-	171.5	41.7
Warrants		5	-	11	5	-	-	-
Zero Div Pf		84	—	85¼	83¼	-	-	-
St Andrew		333xd	-3	343	290	2.9	330.8	-7
St David's Inc		133	—	142	124	13.8	-	-
Cap		190	+1	223	167	-	301.9	37.1
Zero Prf		145	—	151½	143½	-	-	-
Saracen Value		93	+1	98	83	-	94.9	2.0
Warrants		30	—	43	29	-	-	-
SPLIT Inc		208	—	218	170	21.9	-	-
Cap		1135	-10	1235	1103	-	1329.1	14.6
Schroder Split Inc		128	—	127	120	7.1	-	-
Capital		30½	—	37	27½	-	-	-
Zero Div Pf		108	+¼	113½	107	-	-	-
Scot American		166½	-½	183	162	3.5	186.6	10.9

[illegible]

LEISURE & HOTELS - Cont.

	Notes	Price	+ or -	1994 high	low
Granada		556	-11	588	519
7½pc Cv Pf		212½	+2½	224½	199
Harmony Prop		9		11½	8½
Hi-Tec Sports		78	+3	98	62
Hunsby		180xd		210	[illegible]
[illegible]		3¼		6	3½
Inspirations		130		149	108
Jarvis Hotels		145½	-¼	169½	144¼
Kunick		14¼		18¼	11¼
8½pc Cv Pf		97		119	96
Ladbroke		188xd	-2	217½	162½
Magnum		93		104	91
Man Utd		600xd	+15	702	539
Mandarin Orient $		98¾	-3¼	109¼	83
Millwall		4½		4½	3½
Northern		45		51	34
Owners Abroad		118xd	-1½	130	91
9½pc Cv Pf		215½		221	161
Parkdean Leis		107	+1	171	132
Peacock		87		89	70
PizzaExpress		124xd	+1	141	111
Pride Leis		173		183	173
Quadrant		37		43	34
Queens Moat		47½		47½	47½
7pc Cv Pf		104		104	104
7½pc Cv Pf		85		85	85
Ramsden's (H)		234	+3	234	205
Rank Org		404	-12	447¼	377
6¼pc Cv Pf		148	-1½	164	144
Regal Hotel		2		2	1½
Ryan Hotels		23		31	18½
Savoy A		1130		1130	770
Sinclair (Wm)		219		244	186
Spear (JW)		680		680	420
Stakis		87½	-½	90¾	60¾
Stanley Leis		323		350	296¼
Sunleigh		7		10	6½
Survey		2¼		2½	1¼
Tanjong		280		345¼	280
Thorn EMI		1147	-9	1185	979

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

PROPERTY - Cont.

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

SUPPORT SERVICES

[illegible]

AMERICANS

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

TELECOMMUNICATIONS

[illegible]

CANADIANS

[illegible]

TEXTILES & APPAREL

[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

SOUTH AFRICANS

[illegible]

RETAILERS, FOOD

[illegible]

INVESTMENT COMPANIES

[illegible]

PHARMACEUTICALS

[illegible]

GUIDE TO LONDON SHARE SERVICE

[illegible]

MERCHANT BANKS

[illegible]

RETAILERS, GENERAL

[illegible]

PRINTING, PAPER & PACKAGING

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

LEISURE & HOTELS

[illegible]

PROPERTY

[illegible]

K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion.

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code FT7844. Ring 081-770 0770 (open 24 hours including weekends) or Fax 081-770 3822. If calling from outside the UK, ring +44 81 770 0770 or fax +44 81 770 3822. Reports will be sent the next working day, subject to availability.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An International service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (✠) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

هكذا من الاصل

هكذا من الاصل

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are [illegible] over the telephone. Call the FT Cityline Help Desk on (071) 873 [illegible] for more details.

Thornton Unit Managers Ltd (1200)F

33 Queen Street, London EC4R 1AX 071-246 3000

Abbey Life Assurance Co Ltd

80 Holdenhurst Road, Bournemouth 0202 292373

Canada Life Group

High St, Potters Bar, Herts, EN6 5BA 0707 651122

Eagle Star Life Assurance Co Ltd

Bath Road, Cheltenham GL53 7LQ 0242 221311

Hill Samuel Life Assur. Ltd

NLA Tower, Addiscombe Rd, Croydon 081-686 4355

Lincoln National - Contd.

N & P Life Assurance Ltd

Providence Capitol Life Assc. Co Ltd - Contd.

OTHER UK UNIT TRUSTS

INSURANCES

[illegible]

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

	Bid Price	Offer Price	+ or -	Yield Gross
Save & Prosper Group - Contd.				
Managed Income Fd	49.2	52.1	-0.1	6.09
Man Pens Fd	197.0	208.5	-0.6	2.12
North American Mngd Fd	69.5	73.6	-0.6	-
Pacific Mngd Fd	83.1	88.0	-	-
Property Fd*	102.1	108.1	-	6.22
Prop Pens Fd*	135.2	143.1	-	6.46
Index Linked Managed	228.0	241.3	-0.7	-
Inv Capital Portfolio	62.4	66.1	-0.2	-
UK Managed Gilt Fd	61.3	64.9	-	-

†Weekly dealings. *Fortnightly dealings

	Bid Price	Offer Price	+ or -	Yield Gross
Scottish Amicable 150 St Vincent St, Glasgow 041-248 2323				
Life Funds (First Series)				
Managed	466.3	490.9	-1.70	-
Equity	575.9	606.3	-2.30	-
Property	288.5	303.7	-	-
International	478.2	503.4	-2.30	-
Japanese	131.8	138.8	-0.20	-
Asia Pacific	189.1	199.0	-1.70	-
European	133.0	140.0	-0.30	-
American	157.0	165.3	-1.70	-
Fixed Interest	364.6	383.8	-1.40	-
Index-Linked Gilt	195.1	205.4	-1.40	-
Cash	225.5	237.4	-	-
Life Funds (Second Series)				
Managed	130.3	137.2	-0.50	-
Equity	124.3	130.9	-0.50	-
Property	121.7	128.2	+0.10	-
International	148.4	156.3	-0.70	-
Japanese	132.5	139.5	-0.20	-
Asia Pacific	185.3	195.1	[illegible]	-
European	132.4	139.4	-0.30	-
American	154.0	162.2	-1.70	-
Fixed Interest	137.6	144.9	-0.60	-
Index-Linked Gilt	125.3	131.9	-0.90	-
Cash	112.3	118.3	-	-
Pension Funds				
Building Society	180.0	189.5	-0.10	-

	Bid Price	Offer Price	+ or -	Yield Gross
Standard Life Assurance Company 3 George St, Edinburgh EH2 2XZ 031-225 2552				
Managed	699.7	736.6	-4.9	-
Equity	983.5	1035.3	-6.6	-
Fixed Interest	387.3	407.7	-4.8	-
Index-Linked	206.1	217.0	-1.1	-
International	636.9	670.5	-2.2	-
North American	141.6	149.3	-0.9	-
Far East	180.5	190.1	-0.7	-
European	174.9	184.2	-0.4	-
Property	352.4	371.0	+0.9	-
Cash	263.7	277.6	-	-
Pension Managed	981.9	1033.6	-7.1	-
Pension Stock Exchange	221.3	233.0	-1.7	-
Pension Equity	1413.6	1488.1	-12.7	-
Pension Fxd Int	526.3	554.0	-8.2	-
Pension Index-Linked	285.3	300.4	-1.6	-
Pension International	902.4	949.9	-3.0	-
Pension Property	471.1	495.9	+0.8	-
Pension Cash	408.1	429.6	+0.1	-
Pension Nth American	176.7	186.0	-0.8	-
Pension Far East	145.9	153.6	-0.4	-
Pension European	210.7	221.8	-0.7	-

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT [illegible] Help Desk on (071) 873 4378 for more details.

INVESCO International Limited

Jupiter Tyndall (Jersey) Ltd

Lloyds Private Banking (CI) Ltd

Lombard Odier (Jersey) Ltd

Management International (Jersey) Ltd

Minerals, Oils Res. [illegible]

Northgate Unit Tst. [illegible] Ltd

Perpetual UT Mngrs (Jersey) Ltd

The Portugal Fund Limited

Royal Bank of Canada Intl Fd Mgt Ltd

Royal Bk of Scotland Fd Mngrs (Jersey) Ltd

Schroder Mngt Services (Jersey) Ltd

Dixa Income Fund

Dolphin Intl Investments (a) SICAV

Dresdnerbank Asset Mngmt SA (a)

E.T. Investment Management Ltd

Eagle Star – Global Assets Fund (a)

Elgistan Global SICAV (a)

EquiFund–Wright National Eqty Fd (a) (x)

Fidelity Funds (a)

Fleming Group (a)

Foreign & Colonial Emerging Markets Ltd (a)

Regent Global Fund (u) (z)

Sarasin Investment SICAV (u)

Schroder International Selection Fd (u)

Scottish Equitable Intl Fund SICAV (u)

Sun Life Global Management Ltd (u)

Templeton Global Strategic SICAV (u)

Thornton Investment Management Ltd

S.G. Warburg Asset Mngmt Lux SA (u)

Dean Witter World Wide Invest. Tst SA

The Dragon Fund Sicav

Espirito Santo Investment Mgmnt (SICAV)

Europe Value Fund (u)

EurOptec (u)

Fidelity Investment (CI) Ltd

The First Korea Smaller Companies Fund

Fleming Group

Foreign & Colonial Emerging Markets Funds

Gamax Funds

Cortmore Luxembourg S.A.

Global Futures & Options SICAV

H.C.M. HYPO Capital Mgt Luxembourg SA

HSBC NAPT Luxembourg SA

Scudder, Stevens & Clark – Contd.

Target International Ltd

Templeton Emerging Asia

Templeton Worldwide Investments

Transworld Bond Trust

US Pacific Stock Fund (u)

Unico Financial Services SA Lux

World Bond Fund–SICAV (u)

World Trust Fund

Yamaichi Technology Fund

Yamaichi 1992 DM88 Fund SICAV (u)

SWITZERLAND (SIB RECOGNISED)

B.I.A. Bond Invs AG, in voluntary liquidation

OTHER OFFSHORE FUNDS

ATSP Management Ltd

DWS Deutsche Ges. F. Wertpapiersp

Daehan Investment Trust Co Ltd

Daiwa APT Japan Fund

Daiwa Intl Capital Management (H.K.) Ltd

Delta Lloyd Bank Fund Management

Dynasty Fund Ltd

EGS Overseas Fund Ltd

Eagle G-7 Mexico Fund Ltd

Infinity Capital Corporation

International Fund Administration Ltd

The Jaguar Fund N.V.

Jardine Fleming Inv Mngt Ltd

Jardine Fleming Unit Trusts Ltd

Johnson Fry Securities Ltd

Portuguese Investment Fund Ltd

Putnam Emerging Funds Ltd

Putnam International Advisers Ltd

Quantum Group

Real Estate Strategies Ltd

Regent Fund Management Ltd

Republic New York Funds

Royal Bank of Canada Intl Money Market Fd

Safra Republic Holding

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

Aston International Umbrella Fund (a)

Alliance Capital

The Thailand Growth Fund

The Vietnam Fund Limited

MANAGED FUNDS NOTES

CURRENCIES AND MONEY

MARKETS REPORT

Buba cuts, dollar lags

The surprise 25 basis point cut in official German interest rates yesterday prompted [illegible] flurry of similar [illegible] from other European countries, [illegible] Gawith.

Switzerland, Austria, Denmark, Belgium and the Netherlands all eased credit policy after the Bundesbank council cut both the Lombard and Discount [illegible] by 25 basis points, to 6.5 per cent and 5 per cent respectively.

Market reaction to the move was unexpected: the dollar weakened, the D-Mark strengthened, and euromark futures suggested greater pessimism about a fall in German interest [illegible] the rate-cut.

The dollar's weakness [illegible] especially surprising given that, earlier in the day, there had been rumours [illegible] the Bundesbank buying [illegible] to bolster the [illegible] currency against the yen. Two [illegible] helicopters being [illegible] in Iraq [illegible] normally have lent support [illegible] the dollar.

Later [illegible] that [illegible] Bundesbank [illegible] selling dollars for D-Mark dampened any further remnant of positive sentiment towards the [illegible] currency.

■ Dollar/yen provided an early focus of attention with the Bundesbank [illegible] buying dollars heavily on behalf of the [illegible] of Japan (BOJ). The resignation of prime minister Mr Morihiro Hosokawa has bolstered the yen, with [illegible] market believing [illegible] a political hiatus aggravates the US/Japan trade dispute.

The dollar closed in London at Y104.080 after opening at Y103.15. There were also rumours of other central banks buying dollars.

Mr David Barrett, proprietary trader [illegible] Natwest Markets, said he believed the [illegible] had wanted to teach the market - which had very short dollar, long yen positions - [illegible] lesson. He said Japanese exporters and car manufacturers had been selling into rallies as they were very worried that the dollar [illegible] rising.

■ Analysts [illegible] bemused by yesterday's Bundesbank cut. No fresh data supportive of a cut [illegible] appeared since its [illegible] meeting. Most observers had expected [illegible] on official [illegible] the [illegible] meeting.

The [illegible] among analysts was matched by the indifferent [illegible] market. [illegible] dollar [illegible] at [illegible] down from DM1.7135. The D-Mark [illegible] stronger [illegible] board in Europe. It closed at [illegible] against the French franc from FFr3.419. The peseta [illegible] Pta81.30 from Pta81.01.

In the futures markets, meanwhile, there [illegible] a very mixed [illegible] should have [illegible] as good [illegible].

The [illegible] euromark [illegible] finished three [illegible] points higher [illegible] 94.63, but [illegible] longer contracts lost ground. The June [illegible] contract, for [illegible] ple, [illegible] 94.91, four basis points lower than [illegible] opening.

Two rationalisations were offered for market pessimism. First, the scale of the cuts – 25 [illegible] points, when 50 [illegible] more common – [illegible] some to believe that Germany [illegible] at, or near, the bottom of [illegible] interest [illegible] cycle. Concern was also expressed that [illegible] Bundesbank continued [illegible] cut [illegible] when [illegible] indicator it attaches great importance [illegible] – M3 money supply growth – is growing far beyond its target range.

Few analysts believe German rates have bottomed. [illegible] Alison Cottrell, International economist [illegible] Midland Global Markets, [illegible] "To begin [illegible] call [illegible] bottom [illegible] the German interest rate cycle already [illegible] sure way to lose money." Midland, and others, are looking for the discount rate to fall to 4 per cent by the end of the year, with a low of about 3.5 per cent some [illegible] later.

Mr Avinash [illegible] head of currency research at JP Morgan (Europe) commented: "The Bundesbank is clearly [illegible] ing continued concern over the poor per[illegible] the bond market and that [illegible] to outweigh [illegible] genuine [illegible] fort [illegible] M3 growth."

Analysts believe the decline in official [illegible] will [illegible] a fall in the [illegible] rate, used by the Bundesbank to [illegible] the level of money [illegible]. The [illegible] cut by [illegible] basis points [illegible] 5.70 per cent on Wednesday. The market is expecting [illegible] repo rate fall of 10-15 [illegible] points next [illegible].

Call money rates fell ahead [illegible] the council meeting to [illegible] per cent/5.70 [illegible] from 5.65/5.75 per cent.

■ Sterling was fairly steady yesterday, with events [illegible] where drawing [illegible] from a good set of trade figures and Wednesday's ann[illegible]ment of [illegible] new openness in the [illegible] of monetary policy.

The pound closed [illegible] the D-Mark from [illegible]. Against [illegible] dollar, [illegible] $1.4771 from $1.4751.

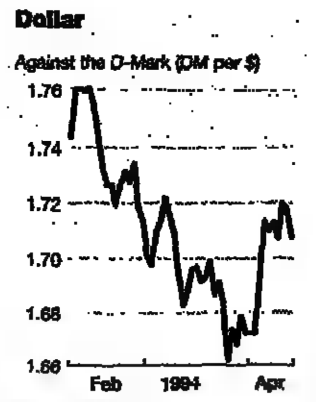
The Bank [illegible] England [illegible] expected [illegible] the Bundesbank's lead with rates. Although analysts anticipate a further [illegible] in UK rates, it [illegible] not expected until [illegible] is [illegible] supportive data, and evidence of [illegible] higher taxes on [illegible] economy.

In the money markets the [illegible] of England injected £552m liquidity [illegible] market against a [illegible] shortage.

[illegible] the futures market, the June short sterling contract finished three basis points firmer [illegible] 94.64. The longer [illegible] tracts, however, lost ground.

Dollar

Against the D-Mark (DM per $)



Source: Datastream

■ **Pound in New York**

Apr 14	Latest	Prev. close
£ spot	1.4770	1.4760
1 mth	1.4752	1.4743
3 mth	1.4727	1.4716
1 yr	1.4680	1.4665

■ **OTHER CURRENCIES**

[illegible] 14	£	$
Hungary	152.912 - 153.132	103.550 - [illegible]
Iran	2575.00 - 2581.00	1748.00 - 1750.00
Kuwait	0.4390 - 0.4404	0.2973 - 0.2981
Poland	33008.3 - 33082.9	22380.0 - 22420.0
[illegible]	2620.24 - 2636.62	1780.00 - 1785.00
U.A.E.	5.4205 - [illegible]	3.6715 - [illegible]

POUND SPOT FORWARD AGAINST THE POUND

Apr 14		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.7505	[illegible]	428 - 583	[illegible]	[illegible]	[illegible]	[illegible]	17.7411	0.2	-	-	[illegible]
Belgium	(BFr)	[illegible]	-0.0396	149 - 675	52.1002	51.8889	51.9762	-0.8	52.0612	[illegible]	52.1062	-0.3	114.4
Denmark	(DKr)	[illegible]	-0.0039	850 - 949	9.9102	9.8643	9.9002	-1.2	9.9135	-0.9	[illegible]	-0.3	114.1
[illegible]	(FM)	8.1315	[illegible]	221 - 408	8.1600	[illegible]	-	-	-	-	-	-	82.1
France	(FFr)	8.6307	-0.0128	264 - 350	8.6504	[illegible]	[illegible]	-1.2	[illegible]	-1.0	[illegible]	-0.3	107.0
Germany	[illegible]	2.[illegible]	-0.0036	229 - 249	2.5329	2.5196	[illegible]	-0.6	[illegible]	-0.5	2.51[illegible]	0.3	122.2
Greece	(Dr)	369.780	-0.31	323 - 236	370.448	369.323	-	-	-	-	-	-	-
Ireland	[illegible]	[illegible]	[illegible]	307 - 326	1.0344	[illegible]	1.0326	-1.0	[illegible]	-0.9	[illegible]	-0.7	[illegible]
Italy	(L)	2410.47	+4.66	938 - 155	2414.33	2404.29	2416.67	-3.1	[illegible]	[illegible]	2463.62	-2.2	78.1
Luxembourg	(LFr)	51.9412	[illegible]	149 - 675	52.1002	5[illegible]	[illegible]	-0.8	52.0612	-0.9	52.1062	-0.3	114.4
Netherlands	(Fl)	2.8334	-0.0024	322 - 345	2.8400	2.828[illegible]	[illegible]	-0.4	2.8341	-0.1	2.8234	0.4	117.8
Norway	(NKr)	10.9504	-0.0026	463 - 545	10.9751	10.9221	10.9448	[illegible]	[illegible]	[illegible]	10.9485	0.0	[illegible]
Portugal	[illegible]	[illegible]	-0.157	[illegible] - 102	259.290	257.039	258.795	-4.5	[illegible]	-4.5	-	-	-
Spain	(Pta)	[illegible]	[illegible]	040 - 285	205.502	204.411	[illegible]	-2.9	206.548	-2.7	209.568	[illegible]	85.2
Sweden	[illegible]	[illegible]	+0.0079	887 - 053	11.7239	[illegible]	11.718	-2.2	11.754	-1.9	11.873	-1.5	76.5
Switzerland	(SFr)	[illegible]	[illegible]	294 - 319	2.1321	2.1240	2.1292	0.8	2.1253	1.0	2.0975	1.6	117.8
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	80.0
Ecu	-	[illegible]	[illegible]	[illegible]	1.3067	1.3030	1.3059	-1.1	1.308	-1.0	[illegible]	-0.4	-
SDR	-	0.948908	-	-	-	-	-	-	-	-	-	-	-
[illegible]													
[illegible]	[illegible]	1.4773	+0.0027	769 - 777	1.4785	[illegible]	-	-	-	-	-	-	-
[illegible]	(Cr)	1601.20	+32.34	080 - 159	[illegible]	1567.00	-	-	-	-	-	-	-
[illegible]	(C$)	2.0377	[illegible]	368 - 385	[illegible]	2.0273	[illegible]	[illegible]	2.0405	[illegible]	[illegible]	-0.7	87.4
Mexico	(New Peso)	[illegible]	+0.0091	641 - 736	[illegible]	[illegible]	-	-	-	-	-	-	-
USA	($)	1.4771	[illegible]	767 - 774	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.4677	[illegible]	88.3
Pacific/Middle East/Africa													
Australia	(A$)	2.0419	[illegible]	408 - 429	[illegible]	[illegible]	2.0404	0.9	2.038	[illegible]	2.0361	0.3	-
Hong Kong	(HK$)	11.4125	[illegible]	[illegible] 159	[illegible]	[illegible]	[illegible]	1.4	11.394	[illegible]	11.345	0.6	-
[illegible]	(Rs)	[illegible]	[illegible]	130 - 497	46.3770	46.2270	-	-	-	-	-	-	-
Japan	(Y)	[illegible]	+0.778	[illegible]	[illegible]	151.530	153.362	2.9	152.617	2.9	149.217	2.9	188.1
Malaysia	(M$)	[illegible]	-0.0083	[illegible] - 690	3.9822	3.9519	-	-	-	-	-	-	-
New Zealand	[illegible]	[illegible]	[illegible]	007 - [illegible]	[illegible]	[illegible]	[illegible]	-1.3	[illegible]	-1.1	[illegible]	-0.6	-
[illegible]	[illegible]	[illegible]	[illegible]	616 - [illegible]	[illegible]	[illegible]	-	-	-	-	-	-	-
Saudi Arabia	[illegible]	5.5397	+0.0077	381 - 413	5.5445	5.5262	-	-	-	-	-	-	-
[illegible]	[illegible]	2.3067	+0.0004	054 - 080	2.3122	2.3010	-	-	-	-	-	-	-
S Africa (Com.)	[illegible]	[illegible]	-0.002	161 - 209	[illegible]	5.3088	-	-	-	-	-	-	-
S Africa (Fin.)	[illegible]	[illegible]	[illegible]	151 - 336	[illegible]	[illegible]	-	-	-	-	-	-	-
South Korea	(Won)	[illegible]	[illegible]	465 - 651	[illegible]	[illegible]	-	-	-	-	-	-	-
Taiwan	(T$)	38.9424	[illegible]	[illegible]	39.0000	38.8600	-	-	-	-	-	-	-
Thailand	(Bt)	37.3251	+0.0506	[illegible]	37.3487	37.2110	-	-	-	-	-	-	-

†SDR rate for Apr 13. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates [illegible] directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Apr 14		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan index
Europe													
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.038	[illegible]	[illegible]	-1.6	[illegible]	[illegible]	102.3
Belgium	(BFr)	[illegible]	[illegible]	580 - 750	35.3150	35.1100	[illegible]	-2.4	[illegible]	[illegible]	[illegible]	-1.1	103.8
Denmark	(DKr)	[illegible]	-0.0117	940 - 975	6.7213	6.6850	6.7116	[illegible]	[illegible]	-2.4	[illegible]	-1.2	102.9
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.5002	[illegible]	-1.5	[illegible]	-1.1	[illegible]	[illegible]	76.7
[illegible]	[illegible]	[illegible]	[illegible]	417 - 447	5.8560	5.8334	5.8554	-2.5	5.8751	-2.2	5.8964	-0.9	103.3
Germany	(D)	1.7088	-0.0047	085 - [illegible]	1.7180	1.7059	1.7117	-2.0	1.7154	-1.5	1.7148	-0.3	103.7
Greece	(Dr)	250.350	-0.55	100 - [illegible]	251.200	250.100	253.65	-15.6	261.1	-17.2	288.6	-15.3	70.0
Ireland	[illegible]	1.4317	[illegible]	307 - 327	[illegible]	[illegible]	[illegible]	[illegible]	1.4233	[illegible]	[illegible]	[illegible]	-
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-4.7	[illegible]	-4.1	[illegible]	[illegible]	78.8
[illegible]	(LFr)	[illegible]	-0.0745	[illegible]	[illegible]	35.1100	[illegible]	-2.4	[illegible]	[illegible]	[illegible]	-1.1	103.8
Netherlands	[illegible]	[illegible]	[illegible]	179 - 188	[illegible]	[illegible]	[illegible]	-1.8	[illegible]	-1.4	[illegible]	[illegible]	103.2
Norway	(NKr)	7.4137	-0.0118	127 - 147	[illegible]	[illegible]	[illegible]	-2.1	[illegible]	-1.9	7.4887	-1.0	94.3
Portugal	[illegible]	[illegible]	[illegible]	400 - 700	[illegible]	174.130	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-4.4	93.1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-4.7	[illegible]	[illegible]	[illegible]	-2.8	80.7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible] - 229	7.9520	7.9323	7.9442	-3.8	7.987	-3.4	8.1102	-2.4	82.0
Switzerland	(SFr)	1.4425	+0.0003	420 - 430	1.4460	1.4390	1.4431	-0.5	1.4432	-0.2	1.4288	1.0	104.2
UK	(£)	1.4771	+0.002	767 - 774	1.4785	1.4735	1.4753	1.5	1.4727	1.2	1.4577	0.6	88.7
[illegible]	-	1.1321	[illegible]	[illegible]	1.1335	1.1285	1.1296	2.7	1.1258	2.2	1.1208	1.0	-
[illegible]	-	[illegible]	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.0002	+0.0005	001 - 002	1.0002	1.0000	-	-	-	-	-	-	-
Brazil	(Cr)	1084.05	+20.45	404 - 406	1084.06	1084.02	-	-	-	-	-	-	-
[illegible]	(C$)	1.3796	[illegible]	793 - 799	1.3817	1.3747	[illegible]	-1.9	[illegible]	-1.7	[illegible]	-1.3	[illegible]
Mexico	(New Peso)	3.3641	+0.0016	[illegible] - 666	[illegible]	3.3618	[illegible]	-0.4	[illegible]	-0.3	[illegible]	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	101.0
[illegible] East/Africa													
Australia	(A$)	1.3834	-0.0031	820 - 827	1.3875	1.3801	1.3837	-1.1	1.3863	-1.7	1.398	-1.2	[illegible]
Hong Kong	[illegible]	7[illegible]	-0.0002	260 - 270	7.7270	7.7260	7.7295	-0.5	7.7335	-0.5	7.7602	-0.4	-
India	[illegible]	31.3675	-0.0025	625 - 725	31.3725	31.3625	31.4325	-2.5	31.5675	-2.5	-	-	-
Japan	(Y)	104.080	+0.385	050 - 110	104.430	102.700	103.93	1.7	103.63	1.7	101.68	2.3	148.8
Malaysia	(M$)	2.6858	-0.0092	850 - 865	2.6935	2.6850	2.6788	3.1	2.6633	3.4	2.7258	-1.5	-
New [illegible]	(NZ$)	1.7623	-0.0062	612 - 634	1.7687	1.7612	1.7636	-0.9	1.766	-1.3	1.7889	-1.6	-
Philippines	[illegible]	[illegible]	-	000 - 000	27.7000	[illegible]	-	-	-	-	-	-	-
Saudi [illegible]	(SR)	[illegible]	+0.0001	503 - 507	3.7507	[illegible]	3.7512	-0.2	3.7536	-0.3	3.765	-0.4	-
Singapore	[illegible]	1.5617	-0.0018	612 - 622	1.5640	1.5600	1.5611	0.5	1.5605	0.3	1.5592	0.2	-
S Africa (Com.)	[illegible]	3.6008	-0.0062	000 - 015	3.6465	3.5950	3.6173	-5.5	3.6433	-4.7	3.7363	-3.8	-
S Africa (Fin.)	(R)	[illegible]	-0.035	600 - [illegible]	5.5300	[illegible]	5.399	-7.8	5.453	-7.0	-	-	-
South Korea	[illegible]	[illegible]	[illegible]	000 - 200	809.350	808.000	812.1	-4.4	815.6	-3.2	834.1	-3.1	-
[illegible]	(T$)	26.3650	-0.015	600 - 700	26.3800	26.3700	26.4305	-3.0	26.631	-2.5	-	-	-
Thailand	[illegible]	[illegible]	-	600 - 800	25.2800	[illegible]	25.35	-3.5	25.475	-3.2	25.995	[illegible]	-

†SDR rate for Apr 13. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted [illegible] but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan indices shown for Apr 13. Base average [illegible]

[illegible] AND DERIVATIVES

EXCHANGE CROSS RATES

Apr [illegible]		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	[illegible]	[illegible]	4.869	1.987	4840	[illegible]	21.08	498.3	395.1	22.53	[illegible]	1.925	3.924	2.844	295.9	[illegible]
Denmark	(DKr)	52.52	10	8.727	[illegible]	1.043	[illegible]	2.865	11.07	260.7	207.8	[illegible]	[illegible]	1.011	2.061	1.493	155.4	[illegible]
France	(FFr)	[illegible]	11.46	10	2.924	1.198	2792	3.282	12.69	298.7	[illegible]	13.56	[illegible]	[illegible]	2.361	1.711	[illegible]	1.512
Germany	[illegible]	20.58	3.918	[illegible]	1	0.409	[illegible]	1.122	4.338	102.1	81.30	4.635	0.844	[illegible]	0.807	0.585	60.90	0.517
Ireland	[illegible]	[illegible]	9.583	8.363	[illegible]	1	2335	[illegible]	[illegible]	[illegible]	198.6	11.34	2.065	0.969	1.975	1.431	[illegible]	[illegible]
Italy	(L)	2.155	0.410	0.358	[illegible]	[illegible]	[illegible]	0.118	0.454	[illegible]	[illegible]	0.485	0.088	0.041	[illegible]	0.061	[illegible]	[illegible]
Netherlands	(Fl)	[illegible]	3.491	3.347	0.891	0.364	850.7	1	3.865	[illegible]	72.43	4.130	0.752	0.353	[illegible]	0.521	[illegible]	0.461
Norway	[illegible]	47.43	9.032	[illegible]	2.305	0.942	2201	[illegible]	10	[illegible]	187.4	10.68	[illegible]	[illegible]	1.861	1.349	140.4	1.192
Portugal	[illegible]	20.15	[illegible]	3.348	0.979	0.400	[illegible]	[illegible]	4.247	100.	79.60	4.539	0.827	[illegible]	[illegible]	0.573	59.62	0.506
Spain	(Pta)	25.31	4.820	[illegible]	[illegible]	0.503	1174	[illegible]	5.336	125.6	100.	5.702	1.038	0.487	[illegible]	[illegible]	[illegible]	0.636
Sweden	(SKr)	44.39	8.453	7.377	2.157	0.882	2060	2.421	[illegible]	220.3	175.4	10	[illegible]	0.855	1.742	1.262	131.4	1.115
Switzerland	[illegible]	24.37	4.641	4.050	1.184	0.484	[illegible]	[illegible]	[illegible]	[illegible]	96.29	5.490	1	0.469	0.956	0.693	72.13	[illegible]
UK	(£)	51.94	9.890	8.631	[illegible]	[illegible]	[illegible]	2.833	10.95	257.8	205.2	11.70	2.131	1	[illegible]	1.477	153.7	[illegible]
Canada	[illegible]	[illegible]	4.853	[illegible]	1.238	0.506	[illegible]	1.390	5.373	126.5	100.7	5.741	[illegible]	0.491	1	0.725	[illegible]	[illegible]
US	($)	35.17	6.696	5.844	1.709	0.699	1632	1.918	7.414	174.5	[illegible]	7.921	1.443	0.677	[illegible]	1	104.1	0.884
Japan	(Y)	[illegible]	64.35	56.15	16.42	6.714	15680	18.43	71.24	1677	1336	76.12	13.86	6.508	[illegible]	[illegible]	1000.	8.491
Ecu		39.80	[illegible]	6.614	1.934	[illegible]	[illegible]	2.171	8.391	[illegible]	157.2	[illegible]	[illegible]	[illegible]	[illegible]	1.132	117.8	1

Yen per 1,000, Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** [illegible] DM [illegible] per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	[illegible]	[illegible]	[illegible]	0.5836	0.5804	[illegible]	90,069
Sep	0.5809	0.5808	[illegible]	0.5812	0.5795	44	[illegible]
Dec	-	[illegible]	-	-	-	1	[illegible]

■ **JAPANESE YEN FUTURES** (IMM) [illegible] per [illegible] 100

	Open	Latest	Change	High	[illegible]	Est. [illegible]	Open int.
Jun	[illegible]	[illegible]	-0.0077	[illegible]	0.9600	[illegible]	51,617
Sep	0.9710	0.9681	-0.0073	[illegible]	[illegible]	[illegible]	[illegible]
Dec	-	0.9740	-	-	0.9740	[illegible]	620

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	[illegible]	0.6926	[illegible]	0.6944	0.6912	18,414	[illegible]
Sep	0.6933	0.6930	[illegible]	0.6945	[illegible]	[illegible]	[illegible]
Dec	-	0.6950	-	-	0.6945	-	-

■ **STERLING FUTURES** (IMM) [illegible] £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	[illegible]	1.4730	[illegible]	1.4738	1.4694	[illegible]	47,451
Sep	-	1.4680	-	-	1.4680	34	949
Dec	-	1.4650	-	-	1.4650	2	[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

Apr 14	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.808628	0.788161	[illegible]	[illegible]	5.23	17
Netherlands	2.19672	2.17411	[illegible]	-1.03	3.84	-
[illegible]	40.2123	39.8662	[illegible]	[illegible]	3.46	[illegible]
[illegible]	[illegible]	[illegible]	-0.00143	-0.64	3.23	-
France	6.53883	6.62390	-0.00366	[illegible]	1.25	-11
[illegible]	[illegible]	[illegible]	+0.208	1.96	0.60	-14
Denmark	[illegible]	7.58392	[illegible]	1.95	0.58	-14
[illegible]	[illegible]	197.808	[illegible]	2.57	0.00	-17
[illegible] ERM MEMBERS						
Greece	[illegible]	283.754	[illegible]	[illegible]	-4.39	-
Italy	1793.19	1847.84	-0.21	3.04	-0.45	-
UK	0.786749	0.768790	-0.003238	[illegible]	5.24	-

Ecu central rates set by the European Commission. Currencies are in [illegible] relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	Calls Apr	Calls May	Calls Jun	Puts Apr	Puts May	Puts [illegible]
1,400	7.43	7.28	7.31	-	-	[illegible]
[illegible]	[illegible]	4.89	5.15	-	0.08	0.49
1,450	2.49	2.77	3.30	-	0.45	1.12
1,475	0.27	1.24	1.92	0.24	1.36	[illegible]
1,500	-	0.41	1.00	2.41	2.97	[illegible]
[illegible]	-	0.08	0.45	[illegible]	5.13	5.82

Previous day's vol., Calls 6,496 Puts 7,861 . Prev. day's open int., Calls 511,384 Puts 468,492

WORLD INTEREST RATES

MONEY RATES

April 14	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	-	6	6	6	6¼	7.40	4.75	-
week ago	-	6	6¼	6¼	6¼	7.40	5.00	-
France	6⅛	6⅛	6¼	6	5⅞	5.90	-	7.75
week ago	6¼	6⅛	6¼	6	5⅞	5.90	-	7.75
Germany	5.80	5.70	5.80	5.45	5.35	6.50	5.00	5.70
week ago	5.83	5.70	5.70	5.60	5.43	6.75	5.25	5.73
Ireland	6	6⅛	6⅛	6⅛	6¼	-	-	6.75
week ago	5	6⅛	6⅛	6¼	6¼	-	-	6.75
Italy	8¼	8¼	8¼	8¼	8¼	-	8.00	8.27
week ago	8¼	8¼	8¼	8¼	8¼	-	8.00	8.27
Netherlands	5.53	5.42	5.30	5.27	5.26	-	5.25	-
week ago	5.53	5.42	5.31	5.27	5.26	-	5.25	-
Switzerland	4¼	4¼	4⅛	4¼	4¼	6.625	3.50	-
week ago	4¼	4¼	4⅛	4¼	4	6.625	4.00	-
US	3½	3½	3¾	4⅛	5	-	3.00	-
week ago	3½	3½	3¾	4¼	4⅞	-	3.00	-
Japan	2⅛	2¼	2¼	2⅛	2¼	-	1.75	-
week ago	2⅛	2⅛	2¼	2¼	2¼	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	3⅝	4	4¼	5¼	-	-	-
week ago	-	3¾	4	4⅜	4⅞	-	-	-
US Dollar CDs	-	[illegible]	[illegible]	4.21	4.80	-	-	-
week ago	-	[illegible]	[illegible]	4.14	4.71	-	-	-
SDR [illegible] Ds	-	[illegible]	[illegible]	3⅝	4	-	-	-
[illegible]	-	3⅛	3½	[illegible]	[illegible]	-	-	-

ECU Linked Ds mid rates: 1 mth: 6⅛; 3 mths: [illegible]; 6 mths: 6¼; 1 year: 6 . $ LIBOR [illegible] rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown [illegible] domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds)

EURO CURRENCY INTEREST RATES

[illegible] 14	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	5⅞ - 5¾	5⅞ - 5¾	5⅞ - 5¾	5⅞ - 5¾	5⅞ - 5¾	5⅞ - 5¾
Danish Krone	6½ - 6	6⅛ - 5⅝	6¼ - 5¾	6⅛ - 5⅞	6⅛ - 5¾	6⅛ - 5¾
D-Mark	5⅝ - 5½	5¾ - 5⅝	5¾ - 5⅝	5⅝ - 5½	5½ - 5⅜	5⅜ - 5¼
Dutch Guilder	5⅞ - 5⅜	5⅞ - 5⅜	5⅜ - 5¼	5⅜ - 5¼	5⅜ - 5¼	5⅜ - 5¼
French Franc	6⅛ - 6⅛	6⅛ - 6	6⅛ - 5¾	6 - 5⅞	5¾ - 5⅝	5¾ - 5⅝
Portuguese Esc.	16 - 15	16 - 16	15½ - 11½	12 - 9½	11 - 9	11 - 9½
Spanish [illegible]	8¼ - 8⅛	8⅛ - 8⅛	8 - 7⅞	7¾ - 7⅝	7¾ - 7⅝	7¾ - 7⅝
Sterling	4¾ - 4⅝	5 - 4⅞	5⅛ - 5⅛	5¼ - 5⅛	5⅜ - 5¼	5¾ - 5⅝
Swiss Franc	4⅜ - 4⅛	4⅜ - 4⅛	4⅛ - 4⅛	4⅛ - 4⅛	4⅛ - 3¾	4⅛ - 3¾
Can. Dollar	5⅜ - 5½	5¼ - 5½	5⅞ - 5⅞	5¾ - 5⅜	6 - 5⅞	6⅞ - 6⅜
US Dollar	3½ - 3⅜	3⅝ - 3½	3¾ - 3⅝	4 - 3⅞	4⅛ - 4⅜	5⅛ - 4⅞
Italian Lira	9 - 7½	8 - 7½	8 - 7½	8 - 7½	8 - 7½	8⅛ - 7⅞
Yen	2⅛ - 2⅛	2¼ - 2⅛	2⅛ - 2⅛	2⅛ - 2⅛	2⅛ - 2¼	2⅝ - 2½
[illegible]	3½ - 2½	3½ - 2½	3½ - 2½	4 - 3	4 - 3	4¼ - 3¼

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris interbank offered rate

	[illegible]	Sett price	Change	High	Low	Est. [illegible]	Open int.
Jun	94.12	[illegible]	+0.07	94.22	94.11	36,267	77,104
Sep	[illegible]	94.40	[illegible]	94.41	94.33	[illegible]	[illegible]
Dec	94.46	[illegible]	+0.01	94.52	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]	94.46	9,407	38,146

■ **THREE MONTH EURODOLLAR** (LIFFE)* $1m points of 100%

	Open	[illegible]	Change	High	[illegible]	Est. vol	Open int.
Jun	[illegible]	[illegible]	-0.02	95.52	95.51	229	4394
Sep	[illegible]	[illegible]	[illegible]	94.94	94.91	311	2135
Dec	94.33	[illegible]	-0.09	94.34	94.33	247	1431
Mar	[illegible]	94.05	-0.10	[illegible]	94.07	5	910

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.59	94.63	+0.03	94.64	94.57	49301	225397
Sep	94.84	94.87	+0.02	94.89	94.81	37961	186160
Dec	94.96	94.98	-	94.99	94.92	36533	171711
Mar	95.05	95.02	-0.03	95.08	95.00	27411	172531

■ **THREE MONTH EUROLIRA INT.RATE FUTURES** (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.04	92.19	+0.14	92.20	92.00	11998	55906
Sep	92.28	92.40	+0.13	92.40	92.22	3915	26385
Dec	92.35	92.46	+0.11	92.48	92.34	2760	38719
Mar	92.36	92.45	+0.09	92.46	92.32	1680	9267

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.03	96.19	+0.17	96.20	96.02	21800	35165
Sep	96.12	96.21	+0.08	96.22	96.12	3350	8538
Dec	96.09	96.13	+0.02	96.15	96.09	1018	3620
Mar	95.95	95.95	-0.03	95.95	95.95	5	433

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.01	94.06	+0.05	94.06	94.00	1582	11299
Sep	94.24	94.26	+0.03	94.26	[illegible]	[illegible]	11534
Dec	[illegible]	94.33	-	[illegible]	[illegible]	412	6727
Mar	94.33	[illegible]	-0.01	94.35	94.31	247	1837

* LIFFE futures traded on APT

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	[illegible]	Low	[illegible] vol	[illegible] int.
Jun	[illegible]	95.50	-0.02	95.52	95.50	[illegible]	[illegible]
Sep	94.93	94.91	-0.03	94.94	[illegible]	[illegible]	[illegible]
Dec	94.35	94.32	-0.03	[illegible]	[illegible]	[illegible]	[illegible]

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

Jun	[illegible]	[illegible]	-0.02	95.96	[illegible]	[illegible]	[illegible]
Sep	[illegible]	95.45	-0.03	[illegible]	95.44	[illegible]	10,976
Dec	-	94.96	-0.05	-	[illegible]	315	4,834

All Open interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts [illegible]
9450	0.16	0.41	0.56	0.03	0.04	0.08
9475	0.04	0.23	0.38	0.16	0.11	0.15
9500	0.01	0.11	0.23	0.38	0.24	0.25

Est. vol. total, Calls 4578 Puts 1775. Previous day's open int., Calls 207698 Puts 149325

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike [illegible]	[illegible] Jun	[illegible] Sep	[illegible] Dec	Puts Jun	Puts Sep	Puts Dec
9600	0.21	[illegible]	0.28	0.02	[illegible]	0.15
9625	0.06	0.12	0.15	0.12	0.16	0.27
[illegible]	0.02	0.04	0.06	0.33	0.33	0.43

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls [illegible] 3650

UK INTEREST RATES

LONDON MONEY RATES

Apr 14	Over-[illegible]	7 days [illegible]	One [illegible]	Three [illegible]	Six [illegible]	[illegible]
Interbank Sterling	5⅛ - 3½	5⅛ - 4⅞	5⅛ - 4⅞	5¼ - 5⅛	5⅜ - 5⅜	5⅝ - 5⅝
Sterling CDs	-	-	5⅛ - 5	5⅛ - 5⅛	5⅜ - 5¼	5⅝ - 6½
Treasury Bills	-	-	4⅞ - 4⅞	5 - 4⅞	-	-
Bank Bills	-	-	4⅞ - 4⅞	5 - 4⅞	5⅛ - 5⅛	-
Local authority deps.	5⅛ - [illegible]	4⅞ - 4⅞	5⅛ - 5	5⅛ - 5	5⅜ - 5⅜	5⅝ - 5⅝
Discount Market Deps	5 - [illegible]	4⅞ - 4⅞	-	-	-	-

UK clearing bank base lending rate [illegible] per cent from February 8, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. [illegible]	1½	[illegible]	3¼	[illegible]	3½

Certs of Tax dep. under £100,000 is 1½pc. Deposits withdrawn for cash ½pc.
Ave. tender rate of discount 4.3125pc. ECGD fixed rate Stlg. Export Finance. Make up day March 31, 1994. Agreed rate for period Apr 26, 1994 to May 24, 1994, Schemes II & III 6.47pc. Reference rate for period Mar 1, [illegible] to Mar 31, 1994, Schemes IV & V 5.214pc. Finance House Base Rate 5½pc from Apr 1, 1994

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	[illegible]	Sett price	[illegible]	High	Low	Est. vol	Open int.
Jun	94.62	94.64	+0.03	94[illegible]	94.58	[illegible]	107620
Sep	94.40	94.40	+0.01	94.42	94.33	23128	[illegible]
Dec	94.07	94.04	-0.02	94.08	[illegible]	20017	[illegible]
Mar	93.67	93.60	-0.05	93.67	93.52	7260	[illegible]

Traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
9450	0.21	0.23	0.19	0.07	0.33	0.65
9475	0.07	0.13	0.12	0.18	0.48	0.83
9500	0.02	0.06	0.06	0.38	0.68	1.02

Est. vol. total, Calls 4880 Puts 5207. Previous day's open int., Calls 150884 Puts 160846

BASE LENDING RATES

	%		%		%
Adam & Company	5.25	Duncan Lawrie	5.25	*Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	8
Allied Trust Bank	5.25	Exeter Bank Limited	6.25	Royal Bk of Scotland	5.25
AIB Bank	5.25	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.25
●Henry Ansbacher	5.25	●Robert Fleming & Co	5.25	Standard Chartered	5.25
Bank of Baroda	5.25	Girobank	5.25	TSB	5.25
Banco Bilbao Vizcaya	5.25	●Guinness Mahon	5.25	●United Bk of Kuwait	5.25
Bank of Cyprus	5.25	Habib Bank AG Zurich	5.25	Unity Trust Bank Plc	5.25
Bank of Ireland	5.25	●Hambros Bank	5.25	Western Trust	5.25
Bank of India	5.25	Heritable & Gen Inv Bk	5.25	Whiteaway Laidlaw	5.25
Bank of Scotland	5.25	●Hill Samuel	5.25	Yorkshire Bank	5.25
Barclays Bank	5.25	C. Hoare & Co	5.25		
Brit Bk of Mid East	5.25	Hongkong & Shanghai	5.25	● Members of British Merchant Banking & Securities Houses Association	
●Brown Shipley	5.25	Julian Hodge Bank	5.25	* In administration	
CL Bank Nederland	5.25	●Leopold Joseph & Sons	5.25		
Citibank NA	5.25	Lloyds Bank	5.25		
Clydesdale Bank	5.25	Meghraj Bank Ltd	5.25		
The Co-operative Bank	5.25	Midland Bank	5.25		
Coutts & Co	5.25	* Mount Banking	6		
Credit Lyonnais	5.25	NatWestminster	5.25		
Cyprus Popular Bank	5.25	●Rea Brothers	5.25		

LONDON TRADITIONAL OPTIONS. April 14

First Dealings 5/4 . Last Dealings 15/4 . Last Declarations 14/7 . For settlement 25/7

Calls: Amstrad, Avesco, Brown & Jackson, Hanson Wts., Hazlewood Foods, Kalt Energy, NHL, Regalian Props., Tullow Oil, Wellman Eng. Put: Wellman Eng. Puts & Calls: Asda, Brown & Jackson, Euro Disney, RTZ, Tarmac.

MONEY MARKET FUNDS

Money Market Trust Funds

CAF Money Management Co Ltd [illegible]

The CBF Charities Deposit Account [illegible]

Cent. Bd. of Fin. of Church of England [illegible]

Money Market Bank Accounts

[illegible]

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Apr 14 / Sch)

BELGIUM/LUXEMBOURG (Apr 14 / Frs)

DENMARK (Apr 14 / Kr)

FINLAND (Apr 14 / Mkk)

FRANCE (Apr 14 / Frs.)

GERMANY (Apr 14 / Dm.)

NETHERLANDS (Apr 14 / Fls.)

NORWAY (Apr 14 / Kroner)

SPAIN (Apr 14 / Pta)

SWEDEN (Apr 14 / Kronor)

SWITZERLAND (Apr 14 / Frs.)

ITALY (Apr 14 / Lire)

PACIFIC

JAPAN (Apr 14 / Yen)

AUSTRALIA (Apr 14 / Aus$)

HONG KONG (Apr 14 / HK$)

MALAYSIA (Apr 14 / MYR)

SINGAPORE (Apr 14 / S$)

NORTH AMERICA

CANADA

TORONTO (Apr 14 / Can $)

4 pm close

MONTREAL (Apr 14 / Can $)

4 pm close

AFRICA

SOUTH AFRICA (Apr 14 / Rand)

Prices supplied by Telekurs

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for Toronto & Montreal. Highs/lows based on ... ex dividend. xc ex scrip issue. xr ex rights. xa ex all.

FT FREE ANNUAL REPORTS SERVICE

You can obtain the current annual reports of companies ... Ring 081 770 0770 or fax 081 770 3822, quoting FT Japan. If calling from outside UK, dial +44 81 770 0770 or fax +44 81 770 3822, quoting FT Japan. The Reports will be sent on the next working day. If faxing please remember to state FT Japan and also your post code.

TOKYO – MOST ACTIVE STOCKS: Thursday, April 14, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Showa Line	9.3m	273	+7	Japan Mtl	5.7m	872	+10
Daiichi Kagaku	8.5m	422	+26	Sumitomo Coal	5.4m	998	-42
Isuzu Motors	[illegible]m	488	+4	NEC	5.0m	1130	+20
Hitachi	6.4m	974	-3	Marubeni	4.6m	522	+6
Ricoh	5.7m	886	-8	Teikoku Oil	4.1m	758	+16

INDICES

	Apr 14	Apr 13	Apr 12	1994 High	1994 Low
Argentina General (29/12/77)	[illegible]				
Australia All Ordinaries (1/1/80)	2080.0	2111.2	2081.1	[illegible]	[illegible]
All Mining (1/1/80)	1001.1	1007.1	[illegible]	[illegible]	[illegible]
Austria Credit Aktien (30/12/84)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Traded Index (2/1/91)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium BEL20 (1/1/91)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brazil Bovespa (29/12/83)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada Metals Minerals (1975)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Composite (1975)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portfolio (4/1/83)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chile IPSA Gen (31/12/80)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark Copenhagen SE (3/1/83)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland HEX General (28/12/90)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France SBF 250 (31/12/90)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CAC 40 (31/12/87)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Germany FAZ Aktien (31/12/58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Commerzbank (1/12/53)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DAX (30/12/87)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Greece Athens SE (31/12/80)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hong Kong Hang Seng (31/7/64)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
India BSE Sens (1979)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Indonesia Jakarta Comp. (10/8/82)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland ISEQ Overall (4/1/88)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy Banca Comm Ital (1972)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MIB Generale (4/1/94)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan Nikkei 225 (16/5/49)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nikkei 300 (1/10/82)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Topix (4/1/68)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2nd Section (4/1/68)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Malaysia KLSE Comp. (4/4/86)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mexico IPC (Nov 1978)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Netherlands CBS Tr Ret Gen (End 83)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CBS All Shr (End 83)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand Cap. 40 (1/7/86)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway Oslo SE (2/1/83)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philippines Manila Comp (2/1/85)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal BTA (1977)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Singapore SES All-Singapore (2/4/75)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
South Africa JSE Gold (28/9/78)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
JSE Ind. (28/9/78)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
South Korea Korea Comp Ex (4/1/80)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain Madrid SE (30/12/85)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden Affarsvarlden (1/2/37)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland Swiss Bank Ind (31/12/58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SBC General (1/4/87)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Taiwan Weighted Pr. (30/6/66)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Thailand Bangkok SET (30/4/75)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Turkey Istanbul Comp (Jan 1986)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
WORLD MS Capital Int (1/1/70)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CROSS-BORDER Eurotrack 100 (26/10/90)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Euro Top-100 (26/6/90)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
...OptiOpts (31/12/86)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bt. Energy (7/1/88)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett.Price	Change	High	Low	Est. vol.	Open int.
Apr	2154.0	2142.5	-12.5	2242.0	2131.0	23,474	34,916
May	2153.5	2143.0	-12.5	2154.5	2135.0	3,093	10,168
Jun	2138.0	2126.5	-12.5	2138.0	2118.0	3,366	22,620

Open interest figures for previous day.

Sat Apr 9: Taiwan Weighted Price 5586.84; Korea Comp Ex 883.40. Base values of all indices are 100 except: Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen, SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp/Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE Industrials – 264.3; NYSE All Common – 50; and Standard and Poor's – 10. ‡ Closed. (u) Unavailable. † IBIS/DAX after-hours index: Apr 14 – 2188.24 -18.95.

US INDICES

Dow Jones	Apr 13	Apr 12	Apr 11	1994 High	1994 Low	Since compilation High	Since compilation Low
Industrials	3661.47	3681.69	3688.83	[illegible]	[illegible]	[illegible]	41.22
Home Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transport	1618.41	1628.18	1628.57	[illegible]	[illegible]	[illegible]	12.32
				(2/2)	(4/4)	(2/2/94)	(8/7/32)
Utilities	189.78	192.18	194.31	227.80	182.85	256.46	10.50
				(3/1)	(4/4)	(21/9/93)	(8/4/32)

DJ Ind. Day's high 3704.30 (3722.14) Low 3631.47 (3661.17) (Theoretical)

Day's high 3685.55 (3703.70) Low 3631.42 (3673.86) (Actual)

Standard and Poors							
Composite ‡	446.26	447.57	449.87	[illegible]	438.92	[illegible]	4.40
					(4/4)		(1/6/32)
Industrials ‡	518.51	521.43	524.67	[illegible]	513.34	[illegible]	3.62
				(2/2)	(4/4)		(21/6/32)
Financial ‡	43.71	43.95	44.88	46.36	41.39	48.48	8.64
				(31/1)	(4/4)	(26/9/93)	(1/10/74)
NYSE Comp.	247.46	248.25	249.45	267.71	243.14	267.71	4.46
				(2/2)	(4/4)	(2/2/94)	(28/4/42)
Amex Mkt Val	437.55	438.68	440.66	487.89	434.13	487.89	29.31
				(2/2)	(4/4)	(2/2/94)	(9/12/72)
NASDAQ Comp	727.28	738.22	749.11	803.93	727.28	803.93	54.87
				(18/3)	(13/4)	(18/3/94)	(31/10/72)

RATIOS

	Apr 8	Mar 31	Mar 25	Year ago
Dow Jones Ind. Div. Yield	2.78	2.81	2.70	3.02
	Apr 13	Apr 6	Mar 30	Year ago
S & P Ind. Div. yield	2.51	2.48	2.51	2.49
S & P Ind. P/E ratio	23.67	23.87	23.55	28.13

STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	448.05	444.50	-1.60	448.80	444.25	67,139	185,768
Sep	-	-	-	-	-	-	-
Dec	-	-	-	-	-	-	-

Open interest figures are for previous day.

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Telefonos	[illegible]	[illegible]	[illegible]
Motorola	[illegible]	[illegible]	[illegible]
Intel	[illegible]	[illegible]	[illegible]
Merck	[illegible]	[illegible]	[illegible]
Citicorp	[illegible]	[illegible]	[illegible]
Philip Morris	[illegible]	[illegible]	[illegible]
Glaxo	[illegible]	[illegible]	[illegible]
IBM	[illegible]	[illegible]	[illegible]
Compaq	[illegible]	[illegible]	[illegible]

TRADING ACTIVITY

Volume (million)

	Apr 13	Apr 12	Apr 11
New York SE	[illegible]	[illegible]	[illegible]
Amex	[illegible]	[illegible]	[illegible]
NASDAQ	[illegible]	[illegible]	[illegible]

NYSE			
Issues Traded	2,792	2,771	2,784
Rises	688	873	1,168
Falls	1,514	1,246	1,012
Unchanged	590	652	604
New Highs	13	29	22
New Lows	122	87	60

‡ Corrections. * Calculated at 15.00 GMT. ... Excluding bonds. ‡ Industrials, plus Utilities, Financial and Transportation. ‡ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¶ Subject to official recalculation.

4 pm close April 14

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1994 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

\- B -

\- C -

\- D -

\- E -

\- F -

\- G -

\- H -

\- I -

\- J -

\- K -

\- L -

\- M -

\- N -

\- O -

\- P - Q -

\- R -

\- S -

Continued on next page

هكذا من الاصل

4 pm close April 14

NYSE COMPOSITE PRICES

Continued from previous page

1994 High	Low	Stock	Div.	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
18½	13⅝	StrykR	0.36	2.6	7	319	14	13¾	[illegible]	-¼
37	19¼	Safeway			25	1636	25½	25⅛	[illegible]	-⅛
6⅝	4⅞	SafewayWt98				29	6	5⅞	[illegible]	-⅛
57⅞	50¼	StJoePaper	0.20	0.4	280	61	53⅛	53⅛	[illegible]	+⅛
30¼	28	StJosLtP	1.80	6.2	74	5	29¼	29¼	[illegible]	-¼
90	76⅞	StPaul	3.00	3.7	8	1121	80¼	79⅞	[illegible]	+1⅛
9⅞	6¾	Salant Crp			10	33	9⅛	8	8⅛	+⅛
49⅞	41¾	Sallie Mae	1.40	3.4	8	3521	42	d40⅞	40⅞	-1¼
13⅞	11⅞	Salomon Br	0.34	2.8		428	12⅞	12¼	12¼	
52¾	44¾	Salomon	0.64	1.3	8	2287	50⅝	49¾	50	-⅛
25	21½	SnDgGE	1.52	6.9	11	809	22	21¾	22	+⅛
10	7½	SantaFeERs	0.16	1.9	9	2307	8⅝	8	8½	+⅜
40	34⅝	SantaFePac	2.80	7.7	17	23	36⅝	36	36⅛	+½
28¼	21¾	SanFeP	0.10	0.4	12	1640	23⅛	23⅛	23¼	-¼
26	20⅞	SaraLee	0.64	3.0	14	5087	21⅝	21¼	21½	
50⅛	44½	Scana Corp	2.82	6.3	12	254	44¾	44⅝	44¾	
20½	16	Scecrp	1.42	8.7	11	7113	16½	16⅛	16¼	
40⅝	34¾	SchererRP			27	241	35⅞	35⅜	35½	
69⅞	54½	SchPl	1.80	3.3	13	3948	56¼	55⅞	55⅝	-⅜
61½	50¾	Schlmb	1.20	2.3	21	7196	52¾	51⅝	51⅝	-¾
33	25¼	Schwab(C)	0.28	1.0	13	1630	27⅜	26⅝	27¼	+⅛
10⅞	6⅛	Schwitzer			26	70	9½	9¼	9⅜	-⅛
38⅞	25⅛	SciAtl	0.12	0.5	51	4128	26⅛	d24⅞	25⅞	-¼
16⅞	13⅞	Scotman	0.10	0.7	13	101	13⅞	d13¼	13⅞	-⅛
46⅞	38½	ScottP	0.80	2.1	9	6312	39⅝	d38	38	-1⅝
28⅝	18⅝	ScuddrNAsF	0.21	0.9		184	22⅞	22	22⅞	
12⅝	9¾	ScuddrNEuF	0.16	1.5		69	10½	10⅜	10⅜	-⅛
18¼	15½	SeaCoB	0.70	4.2	[illegible]	19	17½	16¾	16¾	-1
18½	15⅛	SeaC1.4625	1.46	9.1		z100	16	16	16	
31	26¼	Seagrm	0.56	1.9	37	2280	29¼	28⅞	29¼	+⅛
28⅝	23	Seagull En			37	276	25⅛	24¾	25⅛	+⅛
31⅝	27¼	Sealed Air			20	113	27⅝	d27¼	27¼	-⅛
55⅛	42⅛	SearsR	1.60	3.4	7	7163	47⅝	46½	46⅞	-1
13¾	11¼	Seligm Sel	0.84	6.8		16	12¼	12⅛	12¼	
39¼	31¼	Sensormat	0.22	0.7	32	2168	31⅞	d31	31⅝	-⅛
39¾	28⅝	SequaA	0.60	2.1	4	247	28⅝	d28¼	28⅜	-¼
40¼	30½	SequaB	0.50	1.7	16	2	30	d30	30	-½
28	23⅞	SenvCp x	0.42	1.7	19	1676	24½	d23⅞	24⅛	-⅛
28⅞	22	SvMstr x	0.92	3.8	12	508	24½	23⅞	24½	+⅛
25	17⅞	Shaw Ind	0.22	1.1	23	1215	20½	19⅝	19⅝	-⅞
24	19¼	ShawmutNt	0.80	3.6	20	4172	22⅝	21¾	22¼	+¼
14⅝	11⅜	Shelby Wil	0.28	2.3	26	2	12¼	12¼	12¼	+⅛

1994 High	Low	Stock	Div.	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
18¾	[illegible]	TNP Enterp	1.63	10.0	16	76	16⅛	d16⅛	16¼	
77⅞	65⅜	TRW	1.88	2.8	30	1141	69	66⅞	[illegible]	-⅞
11¼	7⅞	T2 Medcl	0.10	1.0	9	1316	10¼	9⅞	10⅛	+⅛
33⅞	22⅞	Taiwan Fd				781	27¾	27½	27⅝	+½
7⅞	5⅛	Talleyind	[illegible]	6.3	7	178	6⅝	6⅝	6⅝	
12⅜	10	Talley Pf	[illegible]	[illegible]		z100	11¾	11¾	11¾	-⅛
44½	36⅞	Tmbrnd	[illegible]	[illegible]	19	1442	37⅛	d36⅞	36⅞	-⅜
16⅞	10⅞	Tandem			3	2227	14⅝	13⅞	14¼	+⅛
49⅞	30¾	Tandy	[illegible]	1.8	13	4715	34	33½	33¾	-½
12¼	10⅞	Taurus Mun	[illegible]	6.8		22	11	10½	10½	
22⅞	18¼	Teco Enrg	[illegible]	5.0	14	438	19½	19	19⅜	+½
32⅝	23⅞	Tktrnx x	[illegible]	1.9	21	1302	32⅝	31⅝	32¼	+⅛
3¾	2¼	Telecm			18	45	3⅛	2¾	3⅛	+⅛
28⅝	16⅛	Teldyn	0.80	5.1	11	1551	[illegible]	d15⅝	15⅝	-⅜
46⅝	34⅝	TeleEspSA	1.05	2.8	7	2579	[illegible]	37½	37⅝	+¼
76	56⅞	Telmex	1.53	2.6	12	31421	[illegible]	57⅞	58⅛	-¼
54¾	44½	Tmplnl	1.00	2.1	30	686	[illegible]	47½	47½	
30⅝	19⅞	TemplEmMk	0.17	0.7		877	[illegible]	23¼	23½	+⅛
8⅝	7	TempltGlob	0.[illegible]	8.4		179	7⅛	6⅞	7⅛	
8	6¾	TempltGlFd x	0.[illegible]	8.7		666	7	6⅞	6⅞	
58¾	51⅛	Tnneco	1.60	3.0	20	3412	53⅛	51¼	52⅞	+1⅛
30	25⅝	Teppco Ptn	2.28	8.2	10	168	27⅝	27⅛	27⅝	+½
31⅛	22¾	Teradyne			22	3630	23¼	d22⅛	22⅞	-⅞
9⅝	6⅛	Terex	[illegible]	0.8	1	124	7	6⅞	7	
8¼	6¼	Terra Inds	[illegible]	1.2	20	486	7¼	6⅞	6⅞	-⅛
12¾	5¼	Tesoro			18	237	10⅝	10⅛	10½	+⅛
69⅛	61	Texaco	3.20	5.0	14	7849	64¼	[illegible]	63¾	+⅞
51⅞	50	Texaco C	3.00	5.9		7	50⅝	[illegible]	50¾	
[illegible]	29⅝	Texas Ind	0.20	0.5	48	144	39⅞		38⅞	-⅛
[illegible]	61	TxInst	0.72	1.0	13	7756	71⅝	69	69¼	-1⅞
21½	18¾	Texas Pac	0.40	2.0	24	2	18⅝	19⅝	18⅝	+⅛
43¼	36¾	TxUtl	3.08	8.3	22	2147	37⅜	37⅛	37¼	-⅛
4⅞	3¼	Textl Inds	1.10	29.3	2	16	3⅞	3⅝	3⅞	
60⅜	52	Textrn	1.40	2.6	12	1485	53½	d52⅞	52⅞	-⅛
4⅞	4	Thackeray			66	12	4⅛	d4	4	
24¼	14¾	Thai [illegible]	0.35	2.1		171	16⅞	16⅝	16⅝	-⅛
37½	24¾	Thai Fund	0.26	1.0		421	27⅞	27½	27⅝	
44⅝	37¼	ThermoElec	0.12	0.3	22	851	38½	38¼	38½	+⅛
29	25½	Thokol	0.68	2.6	8	331	26	25⅝	26	
68	58⅞	ThBett	2.24	3.6	21	100	61⅞	61⅝	61¾	
18⅛	13¼	Thomas Ind	0.40	3.0	35	24	13¼	d13⅛	13⅜	+⅛
41⅝	29¾	Thomson Ad	2.00	5.2	16	46	38⅝	38½	38⅝	-⅛
23½	18⅛	Tidwtr	0.40	2.0	32	813	20½	20	20½	+⅛
34½	26½	Tiffany	0.28	0.9	45	168	29¾	29½	29⅝	-⅛

[illegible]

NASDAQ NATIONAL MARKET

4 pm close April 14

[illegible]

AMEX COMPOSITE PRICES

4 pm close April 14

[illegible]

FINANCIAL TIMES Friday April 15 1994

AMERICA

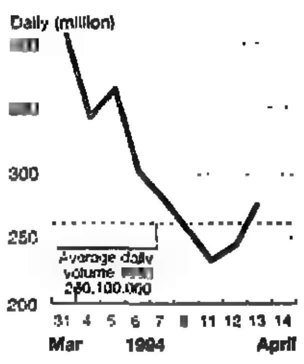
US stocks overcome Mideast jitters

Wall Street

US stocks rose slightly yesterday morning after recovering from a [illegible] over US relations with Iraq and a early round of program selling, *writes [illegible] McGurty in New York.*

By 1 pm. the Dow Jones Industrial Average was [illegible] better at 3,666.82, while the more broadly [illegible] [illegible] Poor's 500 edged 0.37 higher to 446.63. In the secondary markets, the American SE composite [illegible] virtually unchanged at 437.96, and the Nasdaq composite added 2.36 to 727.38.

NYSE volume



Stocks opened with investors rattled by erroneous reports of hostile fire downing two US helicopters in northern Iraq. When it emerged that the aircraft were shot down accidently by US forces, the market reversed course and pushed into positive territory.

A parallel recovery by bonds was a help, and a small gain in weekly claims for state unemployment benefit was no impediment. Most investors, however, were sitting put ahead of today's important data on industrial production and capacity utilisation.

Among individual issues, Chevron outperformed the Dow industrials thanks to an upgrading by Salomon Brothers. The stock climbed $2⅛ to $88⅝.

Computer and semiconductor [illegible] were mixed. Motorola shed [illegible] to $94⅛. Compaq Comuter gained $1⅝ to [illegible] [illegible] First Boston lifted its earnings estimates

National [illegible] Enterprises [illegible] most active issue, with [illegible] company [illegible]ted to announce an agreement to [illegible] allegations [illegible] fraud. The stock [illegible] marked up $1⅞ to $17¼ in volume of [illegible] shares.

On the Nasdaq, technology issues regained their stride after falls in the previous [illegible] sessions. Adobe Systems jumped [illegible] $24¼. [illegible] Syn[illegible] added $1¼ to $41¼.

Canada

Toronto [illegible] recovered early [illegible] by midsession following clarification of developments in the Middle East. [illegible] TSE 300 index rose 1.08 [illegible] 4,249.88 in volume of 9.5m [illegible] valued at C$163.3m.

The forest products sector [illegible] weak, off nearly 1 [illegible] cent, with Canfor Corp losing C$¾ to C$42 while International Forest Products fell C1⅛ to C$16.

Mexico

Equities continued [illegible] ease after a [illegible] of [illegible] per [illegible] on Wednesday [illegible] the lowest closing level since November [illegible].

In early trading the IFC index had slipped a further 7.36 to 2,192.54. Investors [illegible] unsettled by Wednesday's rise in interest [illegible] to 14.58 [illegible] cent.

SOUTH AFRICA

Shares were volatile [illegible] a dip in the gold price combined with further political turbulence ahead of the elections later this month. The overall index weakened 68 [illegible] 4,955, industrials shed [illegible] [illegible] 5,706 and golds lost [illegible] [illegible] 1,955.

De Beers slipped [illegible] [illegible] R106.50 and Anglos lost R7 [illegible] [illegible]

EUROPE

Bundesbank rate cuts fails to give bourses a lift

An unexpected [illegible] [illegible] [illegible] rate from the Bundesbank did battle yesterday with falling bond prices in Europe and the US, and the bond prices [illegible], *writes Our Markets [illegible]*

Mr Joe Rooney, European equity strategist [illegible] Lehman Brothers in London, said that the cuts [illegible] [illegible] little, and came too late [illegible] help bourses which [illegible] them, responded momentarily and then waited for [illegible] York to open.

Sentiment was then shaken by a story that Iraq had shot down two [illegible] helicopters; the later [illegible] that they might have been shot down, by [illegible] take, by [illegible] fighters did little [illegible] improve matters.

However, said Mr Rooney, Lehman [illegible] still happier about bourse prospects than it was [illegible] the turn of the year: "A number of risks," he said, "have [illegible] removed."

Long bond yields have risen, he said, but faster than the [illegible] expected; Lehman [illegible] expects them [illegible] decouple [illegible] their US counterparts, helped by falling inflation in countries like Germany. Further, [illegible] border selling of European equities [illegible] year suggests that [illegible] of [illegible] aggressive posi[illegible] taken [illegible] the [illegible] of last year [illegible] [illegible] unwound.

FRANKFURT's Dax index, [illegible] ahead of the Buba [illegible] recovered a token [illegible] points on the interest rate cuts and then lost them again. The lead indicator closed the [illegible] 10.48 down [illegible] 2,196.71, and ended the afternoon a mere fraction lower again, at 2,198.24.

German bunds reported profit-taking after the Buba cuts, and [illegible] hit by falling US treasuries when the Iraq helicopter story appeared. Equities, said traders, had no option but to follow suit.

Turnover [illegible] from DM8.3bn to DM9.5bn. [illegible] were preoccupied once again with [illegible] potential collapse of the Jürgen Schneider property empire, and the repercussions on their loan [illegible] ratios.

Deutsche Bank, said to be the biggest lender to the [illegible]pany, [illegible] another DM12.70 [illegible] DM782.80; yet Commerzbank, thought to have relatively little exposure, dropped proportionately [illegible] by DM7.50 to DM353. The sector as a [illegible] [illegible] weak, and construction stocks also seemed [illegible] with Bilfinger [illegible] Berger down [illegible] at DM859, and Holzmann [illegible] lower [illegible] DM920.

Elsewhere, interest contin[illegible] in special situations, with PWA up another DM7 to DM240, Kugelfischer by DM8 more [illegible] [illegible] and [illegible]mann and Thyssen, on their diversification into [illegible] telephone [illegible], by [illegible] to DM460.50, and DM4.50 [illegible] [illegible] respectively.

[illegible] slipped back after the German [illegible] the market had already discounted a cut, [illegible] had been hoping for somewhat more than [illegible] [illegible]. The CAC-40 index saw a [illegible] low [illegible] 2,123.70, [illegible] closing off 13.31 to [illegible]

Taking a broader view Mr [illegible] Shepherd-Barron [illegible] Kleinwort [illegible] in London reiterated that his [illegible] had [illegible] underweight in France [illegible] [illegible] beginning [illegible] the month. One [illegible] [illegible] [illegible] [illegible] the market, he [illegible] [illegible] [illegible] [illegible] flow of convertible bonds, rights [illegible] and placings which had [illegible] taking [illegible] [illegible] from equities.

However, [illegible] [illegible] a positive [illegible] [illegible] [illegible] lon[illegible] term, [illegible] corporate earnings improved in line with the healthier economic picture.

Lyonnaise des Eaux-Dumez improved [illegible] to [illegible] [illegible] announcing a satisfactory [illegible] of 1993 results, and a FFr1 rise in the dividend to FFr11.

AMSTERDAM concentrated on international stocks as the AEX index slipped 0.39 to 423.69, up from a session low of 420.72.

Internatio-Mueller, the transport and trading group, pleased the market with 1993 results and its forecast of a further improvement in the current year and the shares put on Fl 5.50 to Fl 87.00.

One [illegible] [illegible] day's biggest [illegible] [illegible] seen in Hagemeyer, [illegible] [illegible] trading [illegible], [illegible] major shareholder [illegible] First [illegible] [illegible] Hong Kong. The [illegible] gained Fl 7.20 to Fl 147, but [illegible] said [illegible] [illegible] thin.

ZURICH [illegible] unimpressed by its [illegible] larger than expected, 50 basis point cut in the discount [illegible] [illegible] 3.50 per cent and the SMI index fell 34.0 to 2,343.7, [illegible] its low for the day.

Mr Frederick Hasslauer at Bank Sal Oppenheim said that the subdued response to the [illegible] [illegible] was a further indication that Zurich had failed to decouple from US trends.

At home, said Mr Hasslauer, investors were waiting for [illegible] Tuesday's [illegible] results from Roche, which has held up better than most during the [illegible] correction. While [illegible] doubted [illegible] the figures would be good, there [illegible] worries that investors might decide that [illegible] time has arrived to sell [illegible] strength and switch [illegible] Germany. Roche certifi[illegible] fell SFr90 to [illegible]

Among cyclicals, Sulzer fell SFr20 [illegible] [illegible] in spite of the group's [illegible] that it expects increased profits in [illegible] [illegible] year.

MILAN [illegible] [illegible] [illegible] [illegible] huge demand from individual domestic [illegible] [illegible] [illegible] [illegible] a record L2,206bn, adding [illegible] the capacity problems of the [illegible] already pressured electronic trading system. The Comit index eased [illegible] to 787.12, although the [illegible] [illegible] Mibtel index registered a gain over [illegible] [illegible] of [illegible] [illegible] cent.

Fiat propelled the market higher, rising L197 [illegible] 3.1 per cent [illegible] L6.500 amid continuing speculation [illegible] the group plans a big asset sale or some other corporate development. A L134 or 5.1 per cent rise to L2,[illegible] by Cir was attributed to the stock's recent underperformance. Olivetti [illegible] L118 or 4.3 [illegible] [illegible] to L2,880.

MADRID added non-resident selling and [illegible] threat of political scandal [illegible] broader concerns, and the general [illegible] fell [illegible] [illegible] 321.64. Mr Mariano Rubio appears [illegible] congress today to answer questions concerning [illegible] personal financial [illegible] while he governed the Bank of Spain.

WARSAW fell 6.7 per cent, but this [illegible] [illegible] than [illegible] analysts had been expecting [illegible] [illegible] authorities [illegible] the 10 per cent price [illegible] limit on Tuesday [illegible] [illegible] [illegible]lowing three sessions. The WIG index closed at a provisional 9,980.4, as turnover tripled.

ISTANBUL rallied [illegible] per cent in heavy trade, adding to Wednesday's 2.6 per [illegible] [illegible]. The composite index put [illegible] 1,344.86 to 22,104.32.

Written and [illegible] by [illegible] [illegible], John Pitt and [illegible] Morgan

FT-SE Actuaries [illegible]

Apr 14							THE EUROPEAN SERIES
Hourly changes	[illegible]	10.30	[illegible]	12.00	13.00	[illegible]	[illegible]	Close
FT-SE Eurotrack 100	[illegible]	1467.02	[illegible]	1469.65	[illegible]	[illegible]	1465.64	1467.07
FT-SE Eurotrack 200	[illegible]	1481.32	1483.24	[illegible]	[illegible]	1480.37	[illegible]	1482.61

	Apr 13	Apr 12	Apr 11	Apr 8	[illegible] 7
FT-SE Eurotrack 100	1476.04	1488.27	1479.07	1461.08	1457.70
FT-SE Eurotrack 200	[illegible]	1500.59	1489.72	1477.01	[illegible]

Base 1000 (26/10/90); High/day: 100 - 1472.23; 200 - 1485.53 Low/day: 100 - 1465.45 200 - 1479.42

ASIA PACIFIC

Nikkei eases back after renewed political wrangling

Tokyo

Continued political wrangling over the selection of a new prime minister [illegible] share prices easier on profit-taking, *writes [illegible] Terazono in Tokyo.*

The Nikkei 225 average fell 73.21 [illegible] 19,987.20 after a low of 19,847.97 and a high of 20,169.13. Shares fell in the morning [illegible] arbitrage linked selling, before rising later [illegible] [illegible] that public funds will be allotted to trust banks today. Later profit taking eroded [illegible] of the gains.

Traders said that investors were still worried by the political situation which has [illegible] to stabilise. Although the seven coalition parties seemed to be in accord in backing Mr Tsutomu Hata, the foreign minister, as the next prime minister, the New Harbinger Party, on the coalition's [illegible] wing, yesterday refused [illegible] enter negotiations.

Analysts said that investors would be reluctant to return [illegible] the stock market while the political situation remained fluid.

Volume totaled 368.5m shares against 339m.

The Topix index of [illegible] first section stocks [illegible] 4.59 to 1,623.48, while the Nikkei 300 ended 1.04 higher at 297.39. Advances led declines by 529 to 457 with 179 issues unchanged.

In London, the ISE Nikkei [illegible] index [illegible] 1.99 [illegible] 1,329.07.

Low priced shipping shares, seen as laggards, improved with Showa Line, the day's most active issue, rising Y7 to Y273 and Navix Line gaining Y8 to Y372.

Automobile companies [illegible] component manufacturers [illegible] higher [illegible] expectations of increased domestic and US [illegible] sales. Nissan Motor gained Y14 [illegible] [illegible] and Kayaba Industry jumped [illegible] [illegible] Y570.

Profit-taking depressed [illegible] high-technology issues: NEC fell Y20 [illegible] Y1,130 [illegible] Fujitsu lost Y10 to Y1,030.

Oils [illegible] [illegible] higher on hopes of higher earnings due [illegible] economic recovery with Teikoku Oil rising [illegible] Y16 to Y758 [illegible] Nippon Oil gained Y2 to Y727. In Osaka, the OSE average rose 102.18 to 22,291.40 in volume of 14.7m shares. High-technology shares [illegible] bought, with Konami, the [illegible] maker, rising Y120 [illegible] Y3,600. However, [illegible] [illegible] Y140 [illegible] [illegible] [illegible] profit-taking.

Roundup

Overseas influences affected a number, but not all of [illegible] [illegible]kets in the region. Bombay, Bangkok [illegible] [illegible] [illegible] [illegible] for holidays.

HONG KONG took profits and the Hang Seng [illegible] lost 153.13, [illegible] 1.6 [illegible] [illegible] [illegible] 9,600.63, [illegible] falling [illegible] HK$5.56bn [illegible] [illegible]

Property and [illegible] stocks led the way down, with [illegible] of 2.1 per cent and 1.5 per cent respectively. Among active stocks, HSBC and Hutchison Whampoa both dropped 50 cents, to [illegible] and [illegible]

AUSTRALIA followed [illegible] York down, but equities [illegible] [illegible] [illegible] by a softer Australian bond market [illegible] [illegible] All Ordinaries index [illegible] [illegible] [illegible] at 2,095.0.

Turnover [illegible] [illegible] A$542m [illegible] A$351m. Oil and [illegible] [illegible] lost 17.6, [illegible] 2 [illegible] cent [illegible] 845.8, Ampolex falling [illegible] [illegible] to A$4.22 [illegible] [illegible] Petroleum [illegible] [illegible] [illegible] A$4.15.

[illegible] [illegible] [illegible] [illegible] on [illegible] Dow, [illegible] NZSE-40 [illegible] finished [illegible] [illegible] [illegible] 2,123.55.

KUALA LUMPUR [illegible] a drop [illegible] volume from [illegible] [illegible] 111m shares as the KLSE composite index shed 8.15, [illegible] [illegible] per [illegible] to 1,021.30.

SEOUL tried [illegible] rise [illegible] hopes [illegible] a revision [illegible] a law allowing listed companies to buy back [illegible] own equity. But it [illegible] [illegible] [illegible] through and [illegible] [illegible]posite index ended just 1.19 higher [illegible] [illegible]

JAKARTA managed to retain foreign buying interest and [illegible] JKSE index, which [illegible] a low for [illegible] year [illegible] Monday, recovered xxxxx to xxxxxxxxxx.

MANILA detached [illegible] Wall [illegible] once again as [illegible] [illegible]posite index advanced 63.79, or 2.4 per cent [illegible] 2,759.50 following Wednesday's 61-point gain, turnover climbing [illegible] [illegible] [illegible] 1.15bn pesos.

Overnight, PLDT had risen for [illegible] second straight day in good volume in New York, in spite of [illegible] fall in [illegible] Dow, closing 75 cents higher at [illegible] following its [illegible] gain [illegible] Tuesday.

German turnover picks up sharply

By Michael Morgan

Equity trading picked up in Europe during March as most market indices continued their decline and the FT-A Europe index was marked 4.2 per cent lower after its 1.1 per cent fall in February.

Mr James Cornish at NatWest Securities says this suggests that selling pressure increased once it became clear that there would be [illegible] early let-up in the fall of US Treasury bond prices, which remains the main bearish influence.

Mr Cornish notes the clear involvement of international investors, demonstrated by a 16.2 per cent rise in the volume of European stocks traded on Seaq International, the London screen based system, as a proportion of turnover in continental domestic markets. Seaq trading accounted for 16.1 per cent in February and 15.2 per cent in January.

German turnover showed the largest gain in March, rising by a hefty 21.6 per cent after February's 19.5 per cent decline [illegible] the Dax index went against the general trend and registered [illegible] 1.2 per cent advance.

EUROPEAN EQUITIES TURNOVER
Monthly total in local currencies (bn)

Bourse	Dec 1993	Jan 1994	Feb 1994	Mar 1994	US $bn
Belgium	91.60	[illegible]	95.76	83.75	[illegible]
[illegible]	[illegible]	[illegible]	244.62	218.68	38.38
Germany	211.05	219.29	176.59	214.73	128.66
[illegible]	41,385.6	53,924.0	79,109.6	80,380.0	50.00
[illegible]	25.40	35.00	32.00	33.10	17.64
Spain	1,267.5	1,521.82	1,400.80	1,491.24	10.07
Switzerland	31.30	39.70	33.90	32020	22.73
UK	55.79	65.31	59.80	61.14	90.69

Volumes represent purchases and sales.
Italian data adjusted to include off-market trading. Some figures may be revised.
Source: NatWest Securities

Hoare Govett notes that the major sectoral theme in March was the strength of [illegible] cyclical sectors, particularly chemicals and motor manufacturers, [illegible] the expense of financials. In the case of chemicals, outperformance of almost [illegible] [illegible] [illegible] had reflected generally encouraging earnings [illegible] dividends statements and better prospects for 1994; for car-makers, investors continued [illegible] anticipate a recovery, although there was little sign of [illegible] yet.

Spain's [illegible] [illegible] cent rise in March [illegible] was in sharp contrast [illegible] the market's worse than average [illegible] per cent fall. A 6.8 per cent rise in average turnover for the previous three months suggested that selling pressure was accelerating.

Amsterdam [illegible] domestic turnover rise 3.4 per cent in March, and 7.5 [illegible] cent [illegible] the average for [illegible] previous three months, [illegible] [illegible] market [illegible] fell 5.5 [illegible] cent. However, trading [illegible] Seaq International of Dutch shares surged [illegible] [illegible] cent, underlining the particular interest in London in Royal Dutch and [illegible] other large international companies.

Separately, the Amsterdam stock exchange reported that total trading of equities and [illegible] reached a new high of Fl 134.5bn in March, taking first quarter turnover to Fl 356.1bn, [illegible] [illegible] per cent [illegible] [illegible] same 1993 period. The exchange notes that [illegible] month saw a heavy flow of new share issues, including those from Pakhoed, Pirelli and KLM, while the market was also driven by a hefty [illegible] of corporate results.

Milan turnover edged 1.6 per cent higher in March to another record after the 46.7 per cent surge the previous month, making [illegible] the third [illegible] heavily traded European market after Frankfurt and London for [illegible] second [illegible]tive month.

Kleinwort [illegible] [illegible] that [illegible] market was surprisingly firm in the run up to the elections, apparently acknowledging [illegible] a [illegible] government would be forced [illegible] continue [illegible] economic policies of the previous administration, what[illegible] its political complexion. The telecom shares [illegible] a major driving force [illegible] of [illegible] announcement of the restructuring plan for [illegible] [illegible]tor and strong domestic [illegible] flows [illegible] [illegible] a significant factor.

Zurich and [illegible] [illegible] [illegible] in March, but the sharpest [illegible] [illegible] seen in [illegible] where turnover dipped by 12.5 per cent [illegible] [illegible] market [illegible] slipped by only 2.7 per [illegible]

[illegible] ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd in conjunction with the Institute [illegible] Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL [illegible] Figures in parentheses show number of lines of stock	WEDNESDAY APRIL [illegible] US Dollar Index	Day's Change %	Pound Sterling Index	[illegible]	DM Index	Local Currency [illegible]	Local % chg on [illegible]	Gross Div. Yield	[illegible] APRIL [illegible] US Dollar Index	Pound Sterling Index	[illegible]	[illegible]	Local Currency [illegible]	DOLLAR INDEX 52 week High	52 week Low	[illegible]
Australia (69)	172.95	0.8	[illegible]	113.37	[illegible]	[illegible]	1.2	[illegible]	171.62	172.37	112.02	[illegible]	157.53	[illegible]	[illegible]	141.76
Austria (17)	179.11	0.0	180.02	117.40	159.56	159.30	-0.4	[illegible]	179.10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	147.51
Belgium (42)	164.58	0.2	165.42	107.87	146.61	143.03	-0.1	3.81	164.19	[illegible]	[illegible]	146.72	[illegible]	171.69	141.92	[illegible]
Canada (106)	128.66	-0.6	[illegible]	84.33	114.61	128.15	-1.0	2.62	129.37	130.01	[illegible]	[illegible]	[illegible]	[illegible]	121.46	[illegible]
Denmark (32)	251.70	0.1	252.99	164.98	224.22	229.62	-0.2	1.03	251.41	[illegible]	[illegible]	224.65	230.08	275.79	207.58	[illegible]
Finland (22)	147.72	-1.3	148.47	96.82	131.59	170.95	-1.4	[illegible]	[illegible]	[illegible]	97.77	[illegible]	173.47	[illegible]	[illegible]	83.93
France (98)	171.07	[illegible]	171.94	112.13	[illegible]	[illegible]	[illegible]	2.87	170.27	171.11	111.21	152.14	[illegible]	[illegible]	[illegible]	[illegible]
Germany (58)	137.82	[illegible]	[illegible]	[illegible]	122.78	122.78	-0.1	1.87	137.55	[illegible]	89.84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hong Kong (56)	403.32	0.2	405.39	264.37	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	262.99	[illegible]	399.41	[illegible]	[illegible]	256.53
Ireland (14)	186.88	[illegible]	[illegible]	[illegible]	[illegible]	183.86	0.2	[illegible]	[illegible]	[illegible]	121.15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy (60)	90.77	-2.9	91.23	[illegible]	[illegible]	110.56	-3.3	1.57	93.43	93.90	[illegible]	[illegible]	[illegible]	93.43	[illegible]	[illegible]
Japan (469)	156.20	0.8	157.00	[illegible]	139.15	102.38	1.1	0.79	155.00	[illegible]	101.24	138.51	101.24	165.91	124.54	[illegible]
Malaysia (98)	470.04	-0.2	[illegible]	[illegible]	[illegible]	[illegible]	-0.1	1.20	471.19	[illegible]	[illegible]	421.04	[illegible]	621.63	293.40	[illegible]
Mexico (18)	1926.74	1.5	1936.57	1262.92	1716.39	[illegible]	1.5	0.71	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2647.08	1431.17	[illegible]
Netherland (26)	200.95	0.1	201.98	131.72	179.02	176.33	-0.3	3.19	200.86	[illegible]	131.19	[illegible]	[illegible]	[illegible]	[illegible]	172.75
New Zealand (14)	65.74	-0.9	[illegible]	[illegible]	[illegible]	61.74	-0.3	3.77	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	46.43	46.77
Norway (23)	195.39	0.1	196.38	128.07	174.05	196.92	-0.1	[illegible]	195.17	196.14	127.47	174.40	197.15	[illegible]	[illegible]	[illegible]
Singapore (44)	334.09	-0.1	335.80	218.99	297.82	240.71	-0.2	1.62	[illegible]	[illegible]	218.41	[illegible]	241.13	378.92	228.08	[illegible]
South Africa (60)	215.38	[illegible]	217.09	141.57	192.40	[illegible]	2.1	[illegible]	214.21	215.27	139.90	191.40	[illegible]	280.26	181.99	[illegible]
Spain (42)	140.64	-1.2	[illegible]	[illegible]	125.28	147.93	-1.2	4.00	[illegible]	143.09	[illegible]	[illegible]	149.77	[illegible]	[illegible]	131.72
Sweden (36)	217.12	-0.3	219.23	[illegible]	[illegible]	[illegible]	0.0	1.54	217.72	[illegible]	[illegible]	[illegible]	254.66	[illegible]	[illegible]	[illegible]
Switzerland [illegible]	182.[illegible]	[illegible]	[illegible]	[illegible]	144.75	[illegible]	-0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	121.49
United Kingdom (205)	190.68	-0.4	[illegible]	124.99	[illegible]	[illegible]	-0.4	[illegible]	191.44	[illegible]	125.04	171.07	[illegible]	[illegible]	[illegible]	179.21
USA (520)	181.66	-0.3	[illegible]	119.07	[illegible]	[illegible]	-0.3	2.91	182.24	183.14	119.02	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EUROPE (724)	167.71	-0.3	[illegible]	[illegible]	149.40	161.31	-0.4	2.87	168.15	168.99	[illegible]	[illegible]	162.03	[illegible]	[illegible]	[illegible]
Nordic (113)	207.63	-0.3	208.69	136.10	[illegible]	[illegible]	-0.3	1.34	[illegible]	209.33	[illegible]	[illegible]	[illegible]	220.60	[illegible]	156.83
Pacific Basin (750)	165.29	0.7	[illegible]	108.34	147.24	112.96	1.0	1.06	164.16	[illegible]	[illegible]	146.69	111.83	[illegible]	134.79	[illegible]
Euro-Pacific (1474)	166.14	[illegible]	166.99	[illegible]	[illegible]	131.80	0.4	1.82	[illegible]	166.49	[illegible]	[illegible]	[illegible]	170.76	[illegible]	146.04
North America (626)	178.37	[illegible]	[illegible]	[illegible]	158.89	177.96	-0.3	2.90	178.95	179.84	[illegible]	159.90	[illegible]	[illegible]	173.70	[illegible]
Europe Ex. UK (519)	151.46	-0.2	[illegible]	99.29	[illegible]	142.29	-0.5	[illegible]	151.76	152.51	99.12	[illegible]	[illegible]	155.73	122.37	[illegible]
Pacific Ex. Japan (281)	253.79	0.2	255.08	166.35	226.08	[illegible]	[illegible]	[illegible]	253.24	254.50	[illegible]	226.29	[illegible]	296.21	176.44	176.44
World Ex. US (1658)	166.56	0.3	167.41	[illegible]	[illegible]	[illegible]	0.4	[illegible]	168.09	[illegible]	108.48	[illegible]	134.30	[illegible]	[illegible]	146.40
World Ex. UK (1973)	168.63	0.1	169.49	[illegible]	[illegible]	145.53	[illegible]	[illegible]	[illegible]	[illegible]	110.00	[illegible]	[illegible]	[illegible]	[illegible]	155.77
World Ex. So. Af. ([illegible]118)	170.37	0.1	171.24	111.67	151.77	148.81	0.1	2.21	[illegible]	171.10	111.20	152.13	[illegible]	176.56	154.85	157.89
World Ex. Japan (1709)	180.27	-0.2	181.19	118.16	[illegible]	177.03	-0.3	2.83	180.68	[illegible]	118.01	161.45	[illegible]	195.30	165.70	168.11
The World Index (2178)	170.58	0.1	171.45	111.81	[illegible]	[illegible]	0.1	2.21	170.46	171.30	111.33	[illegible]	[illegible]	178.97	[illegible]	[illegible]

Latest prices were [illegible] for this edition

هكذا من الاصل

مكتبا من الاصل

Jobs: A fledgling sector is demanding skills that are rare in the present climate of public and private polarisation

Carnage of chiefs in Tecs battle is leading to new tactics

Norman Stoller, chairman of a successful, rapidly growing company, admits he made a mistake last year in the selection of a new chief executive for the training and enterprise council of which he is the non-executive chairman.

"We chose the wrong man," says Stoller, whose employer-led Tec, in Oldham, Lancashire, will next month begin advertising the post again.

Oldham Tec is not alone, how[redacted] in having [redacted] recruiting the chief executives who provide the day-to-day management [redacted] Tecs, which are responsible for administering budgets of more [redacted] £2 billion [redacted] delivering government funded training and fostering enterprise in their localities.

Figures disclosed this week by the department of employment show that since April 1990, when the first Tecs were set-up by the department of employment, 35 of the original 82 chief executives have left their posts.

It is an extraordinarily high level of turnover, probably unmatched by any sector. Some have been sacked by their boards, [redacted] have left by [redacted]. A substantial number, [redacted] 20, who were [redacted] ment from the civil service returned [redacted] department [redacted] employment.

In some [redacted] appointment of [redacted] controversial. [redacted] Kent Tec, for example, [redacted] local county council pulled [redacted] talks on merging [redacted] development unit with [redacted] Tec [redacted] its candidate was unsuccessful for the chief executive's job.

Commentators on Tecs might conclude that the part-time volunteers who form [redacted] boards – mostly [redacted] executives – have [redacted] poor judgment in [redacted] of [redacted] individuals [redacted] many [redacted] the success of [redacted] Tec. Can they [redacted] better in [redacted] future they [redacted]

In time, [redacted] they [redacted] to [redacted] management style they want, is [redacted] of [redacted] management [redacted] recruitment consultants who [redacted] currently working with Tecs.

For the job of chief executive of a Tec, as with a number of jobs that are emerging in bodies such as NHS Hospital Trusts, [redacted] jobs, [redacted] growing in number [redacted] which have [redacted] specifically targeted by [redacted] number of [redacted] agencies and newspapers, require [redacted] private sector [redacted] knowledge and sensitivity as to how [redacted] public [redacted] works.

[redacted] they [redacted] spending public money recruits must [redacted] expect opprobrium [redacted] they [redacted] luxury [redacted] and [redacted] salary. Yet, at the same time they will be asked to demonstrate excellent interpersonal skills with their detractors.

[redacted] Howells, an independ[redacted] consultant, [redacted] extensively [redacted] Tecs, [redacted] "The specification [redacted] truly demanding. Tec [redacted] recruit [redacted] Archangel Gabriel, or one of [redacted] benchman, to do [redacted] job. [redacted] people [redacted] are truly effective, [redacted] limited."

An advertisement placed [redacted] week for such [redacted] £55,000 [redacted] year post [redacted] "ideally, [redacted] will [redacted] management experience [redacted] industry [redacted], together [redacted] public sector experience, which includes dealing with government departments and agencies".

It is a mixture that is rarely found in the private sector, except perhaps the defence industry, from which some of the most successful [redacted] have [redacted] drawn.

An advertisement for an NHS Hospital trust would place similar emphasis on not only a keen understanding of the NHS but also the financial disciplines and skills of the private sector.

Such discipline is still generally lacking according to a government report published this week. It said that many hospital and community trusts were failing to meet government financial targets. Managers had to make a number of changes, including tighter financial reporting regimes, as well as making information about their activities more generally available.

NHS Trusts have not yet had the fall-out [redacted] senior managers experienced by Tecs, but this may only be a matter of time as boards, made up predominantly from the private sector, become more demanding. At present most managers [redacted] staff, mainly [redacted] so "horrendously complicated", according [redacted] Alan Bedford, manager of the [redacted] Health [redacted] Trust.

However, according [redacted] Bill Philips, head of public sector practice [redacted] NBS, [redacted] recruitment consultants, [redacted] trusts will [redacted] to give [redacted] consideration [redacted] they recruit in the future. "The [redacted] unlikely [redacted] generate [redacted] many senior managers with the req[redacted] as [redacted] needs," he [redacted] bring in [redacted] ent from outside. It is how it is done [redacted] carefully."

So what is to be done? Boards of Tecs argue that progress in their appointments of senior staff will be made as the role of the chief executive become clearer, and they [redacted] adapt [redacted] drawing up job specifications.

Stoller's [redacted] appointment [redacted] Tec [redacted] April [redacted] a [redacted]. In [redacted] Tecs, [redacted] constrained in [redacted] recruitment processes. "Tecs should first consider appointing the training agency manager," said the government. If they decided not to do [redacted], the appointment [redacted] limited; the salary could be covered by public funds only up to the average of the relevant civil service grade.

Stoller however is not regretful. Indeed, he [redacted] he knows some Tecs which initially appointed chief executives from the private [redacted] only to [redacted] disappointed at [redacted] results. Some [redacted] servants developed the necessary qualities to run a Tec, others did not. Likewise, [redacted] private [redacted] people struggled to understand the system.

"In order to get the Tec running we had to understand government rules, [redacted] says. "But, people who [redacted] a business from scratch know that it takes one kind of person to get [redacted] ball roll and that [redacted] not necessarily the same person [redacted] will [redacted] it rolling faster. There are so many things we are involved in now, including income generation, that the job needs a different type of person."

[redacted] the newly [redacted] post (for which last year's highly qualified recruit was unsuccessful) is being openly advertised, there is an internal candidate. This is a route that recruitment and management consultants [redacted] may [redacted] to [redacted] taken more frequently.

"Talent [redacted] identified and groomed internally," says Mr Paul Hutt, [redacted] Hay Management, which has worked with more than 30 [redacted] in developing effective management models.

It [redacted] that some NHS trusts are also adopting, bringing in individuals from the private sector at finance director and similar levels, so that they can be acclimatised to the newer climate before internal promotion.

Perhaps this form [redacted] entry [redacted] professions should [redacted] ered by the growing number [redacted] who have [redacted] by the private sector and are considering jobs in these fledgling sectors where there will continue to be a growth in opportunities. For while the traditional view was that there was either [redacted] public sector or a private [redacted] mentality, there are now [redacted] growing number of jobs that are neither one thing nor the other.

Lisa Wood

TOP OPPORTUNITIES

SENIOR POSITIONS IN GENERAL MANAGEMENT

BANKING FINANCE & GENERAL APPOINTMENTS

هكذا من الاصل

هكذا من الاصل

Quantitative Specialist–Derivatives

London — *c£45,000 + substantial bonus + banking benefits*

This global investment banking and securities organisation [illegible] developed an enviable reputation through the trading of a full range of derivative products.

An opportunity has arisen for a highly numerate individual to join a very profitable proprietary trading team who manage a portfolio of derivative instruments. The team primarily operate in the secondary market where they trade and arbitrage derivative instruments with an equity focus. Particular emphasis [illegible] put on credit analysis.

The individual will be expected to contribute analytical and quantitative skills to the team and will assist in developing trading strategy and risk control. Complex mathematical *modelling and* advanced spreadsheet analysis using statistical packages will be required.

Aged in your mid to late 20's with [illegible] strong quantitative academic background, *you will have one to two years experience in* [illegible] derivatives environment with [illegible] recognised organisation. Alternatively [illegible] recent Phd in Maths or Physics or possibly a Masters in Engineering with [illegible] strong mathematical content will be considered.

[illegible] *young and innovative environment, this is an outstanding* opportunity to join one of the leading players in the derivatives market. The remuneration package includes a competitive salary, dependent on experience. The position will require some travelling.

Interested applicants please send a full resumé to Anthony Cook, [illegible] *2/1677 at Morgan & Banks Plc, Brettenham House,* Lancaster Place, London WC2E 7EN or if you prefer telephone 071-240 [illegible]

Morgan & Banks
INTERNATIONAL

DECISION SUPPORT ANALYST

CITY — COMPETITIVE PACKAGE AND BENEFITS

[illegible] As [illegible] leading and well-established investment house with funds under management in excess of £10 billion, [illegible] are experiencing [illegible] period of rapid expansion resulting *in an outstanding opportunity* for [illegible] **talented, numerate professional** [illegible] join our Chief Investment Office.

RESPONSIBILITIES WILL INCLUDE:

- Implementation of quantitative decision support systems for CIO.
- Development and monitoring of systems for performance attribution, risk-adjusted performance and benchmarks.
- Establishment of a [illegible] performance reporting system for Client Services, Marketing and Fund Managers.
- Implementation of performance measurement regulatory and *presentation standards.*
- Initiate the software development and computerisation in this area, *in conjunction with the IT department.*

The successful candidate will be [illegible] highly qualified graduate/MBA with strong mathematics [illegible] statistics and the necessary computing and communication skills.

Please apply in writing with an accompanying C.V. to: ➤

[illegible] Lynne P.A. Bishop, Head of Personnel,
Foreign & [illegible] Management Limited,
Exchange House, Primrose Street,
London EC2A 2NY

Foreign & Colonial

Leica [illegible] international corporation engaged in providing innovative solutions to customers' [illegible] *vision,* [illegible] and analysis. The [illegible] activities are in microscopy, surveying and photography. It employs [illegible] *employees in Europe,* North [illegible] the Asia Pacific region.

St. Gallen - Switzerland

Corporate Treasurer

Corporate Language English

Position:

- Manager of the "Internal Bank" of Leica
- Based in the International Headquarters
- member of a small team of specialists in key *corporate functions*
- Full advisory and operational responsibility for bank rel[illegible]ships, interest rate management, international cash management, *currency management and international risk* management.

Qualifications:

- Hands on professional treasurer
- At least 3 years relevant experience
- Ability to work closely with managers in *several countries.*

Please send CV by fax to R.B. Kalbag, Chief Financial Officer, Leica AG, International Headquarters, PO Box 1243, [illegible] Gallen, Fax: +41 71 30 7155/Telephone +41 71 30 7110.

Interviews will be held in London on Monday, 25 April 1994.

Leica

COMMODITIES TRADER
Crude Oil

Excellent salary [illegible] benefits · London based

Our client, [illegible] prestigious US financial services firm, is seeking an experienced Commodities Trader to assist in the co-ordination of crude oil trades and strategies between regional offices, involving AG and Far East *crudes that are applicable to the* US market. The successful candidate will be responsible for the management and trading of flat price risk for all the US market during the London morning via the ACCESS system. In addition, they will be required to assist and support the crude group on all physical cargoes and related trading, including the sourcing of western hemisphere crudes to be supplied to the US market.

The successful candidate, preferably in their early 30s, must hold [illegible] good economics degree and have detailed knowledge of the crude oil futures market as well as an understanding of outright price movements. Experience in the trading and marketing of physical crude oil is [illegible] pre-requisite. Ideally, you will also have traded swaps and derivatives. You are likely to have at least six to seven years' relevant working experience and have *developed strong Middle Eastern contacts.*

Candidates must have a high energ[illegible] level, be able to thrive in a high-pressure environment and have proven interpersonal skills. Preference will be *shown to candidates* who [illegible] a combination of the pre-requisite business and communications skills.

The rewards package and career development prospects are excellent.

Please write with your CV, stating any company to which your application should not be sent, to: Alastair Lyon, Confidential *Reply Handling Service, Ref 866,* Associates in Advertising, 5 St John's Lane, London EC1M 4BH.

ASSOC[illegible] ADVERTISING

SENIOR PORTFOLIO ADMINISTRATOR
TEAM LEADER ROLE

ATTRACTIVE SALARY PLUS BANKING BENEFITS
CENTRAL LONDON

Continuing growth within *Citibank Global Asset Management* - part of [illegible] of the world's largest banking corporations - has created the [illegible] for an additional Team Leader [illegible] supervise a small, dedicated team.

You will be responsible for the Investment Administration of [illegible] number of *multi-currency portfolios incorporating Equities, a wide variety of* [illegible] Income instruments and derivatives. This [illegible] involve close day-to-day liaison with our [illegible] of Fund Managers as well as preparing periodic [illegible] *reporting packages to a high specification.* You will also [illegible] year-end reports for auditors as well [illegible] monthly [illegible] for *Management Information.*

To [illegible] up this challenging role, you must have at [illegible] five years' *similar experience, and currently be working in* [illegible] *supervisory capacity.*

In addition to a highly attractive salary the package will include a mortgage subsidy and pension, [illegible] offer the opportunity of a *progressive career in fund management administration.*

To apply, please send your career details to Vivien Leach, Vice President Human Resources, Citibank N A, Citibank House, 336 Strand, London WC2R 1HB.

CITIBANK

We are an equal opportunities employer

Providence Capitol

Providence Capitol is one of the fastest growing financial services groups in the U.K. Over the past seven years assets under management [illegible] grown tenfold and are now in excess of £1.8 billion.

Providence Capitol Portfolio Managers, the investment arm of the group, *has a stable, committed team of investment professionals* and [illegible] delivered superior investment performance for its clients [illegible] several years.

EUROPEAN EQUITIES

Our performance in Continental Europe [illegible] outstanding, currently placing us at the top of industry performance tables over 1, [illegible] and 5 years. This has attracted [illegible] funds, including hedge fund money, and consequently we now wish to recruit a high calibre analyst [illegible] work with [illegible] European Portfolio Manager. The successful candidate will be highly numerate and is likely to have several years experience of equities analysis, preferably within Europe.

Each member of our team is self-motivated, energetic, committed to standards of investment excellence and ambitious for top fund performance for our clients. We are offering a competitive base salary, bonus, company car and other fringe benefits.

To apply for the position, please write, enclosing a full CV, to:

PROVIDENCE CAPITOL

Talal Shakerchi, European Portfolio Manager,
Providence Capitol Portfolio Managers Limited,
2 Bartley Way, Hook, Basingstoke, Hampshire
RG27 9XA

UNIVERSITY OF LEEDS

SCHOOL OF BUSINESS AND ECONOMIC STUDIES

Applications are invited for each of two new Chairs in the School of Business and Economic Studies, created as part of a programme directed towards the development of the School's research and teaching [illegible]

Chair of Economics (Ref: 31/109)

This is the second chair within the Economics Division of the School, and the post is open to candidates with a strong record of research and publication in applied economics, which is broadly defined to include economic policy and applied econometrics. *Applicants should have* interests that relate to those of other divisions within the School - Industrial and Labour Studies, Economic and Social History, Accounting and Finance, and Management - and/or other social sciences. Preference may be given to those with interests in the areas of industrial and labour economics.

Chair of Management (Ref: 31/110)

This is the third chair within the Management Division of the School, and the post is open to candidates with a strong record of research and publication in any fields of management which relate to the School's central strategic concerns. Within this broad specification, preference may be given to candidates who can offer research leadership and vision within the range of fields covering operations, manufacturing and strategic systems analysis. An international orientation to research would be an additional advantage, as would interests relating to *business process re-engineering.*

Informal enquiries about the Chair of Economics may be made to Professor John Chartres (tel: 0532 334500) or Professor Malcolm Sawyer (tel: 0532 334465), and about the Chair of Management to Professor [illegible] or Professor Jim Lynch (tel: 0532 332626).

The salary in each case will be within the non-clinical professorial [illegible]

The University of Leeds [illegible] an Equal Opportunities employer. Women and members of ethnic minorities are under-represented in the University in posts at this level and the University would therefore *particularly welcome applications from members of such groups* whilst, however, affirming that the appointment will be made entirely on merit.

Further particulars may be obtained from (Mrs) [illegible] M D Wheeler, Personnel Director, Office of the Registrar, The University of Leeds, Leeds LS2 9JT, UK, tel: 0532 335775 (direct line) quoting the appropriate reference number.

The closing date for applications is Wednesday, 11 May 1994.

INDUSTRIAL HIRE PURCHASING/LEASING
• NEW BUSINESS EXECUTIVE •

[illegible] INDUSTRIAL [illegible] LTD, a subsidiary of CREDITANSTALT, Austria's leading [illegible] requires a **NEW BUSINESS EXECUTIVE.**

Our [illegible] focused on public quoted groups and long [illegible] private companies [illegible] is operated [illegible] in Glasgow and Sunningdale. Total HP/Lease portfolio [illegible] in [illegible] been consistently profitable. Further controlled growth is planned.

THE APPLICANT

The [illegible] will ideally [illegible] aged [illegible] and be currently involved in direct [illegible] *He/she will therefore have* [illegible] wide [illegible] *with senior* corporate decision-takers in a range of capital intensive industries including Contract Hire and will [illegible] expected to [illegible] an early contribution [illegible] profits. Individual profit centre responsibility will be given. *Extensive UK travel will be involved.*

THE REWARDS

The total remuneration package, inclusive of a performance related bonus, car and other usual benefits will be sufficient to attract experienced candidates of the highest calibre who [illegible] to build a [illegible] by joining [illegible] small but dedicated and entrepreneurial team [illegible] professionals..

Candidates [illegible] write [illegible] a full CV to:

Mike Beauchamp
Creditanstalt-Bankverein
11th Floor
125 London Wall
London EC2Y 5DD

CREDITANSTALT
Member of SFA

PASSIVE FUND MANAGEMENT

The "passive" section of an international fund management firm in the city seeks to add a portfolio manager to its global small companies' team.

Candidates [illegible] their [illegible] 20s, early 30s with a relevant first degree (MBA [illegible] advantage) who are numerate, computer literate, know their way around a database and have some knowledge of computer programming should apply. The [illegible] candidate will also have experience [illegible] managing index funds or general experience in [illegible] financial [illegible] Duties [illegible] a range of activities associated [illegible] management of pooled and segregated passive portfolios and client servicing.

A competitive compensation package is offered.

Please send your CV in writing to:

Box B2393, Financial Times,
One Southwark Bridge, London SE1 9HL

EUROPEAN MANAGER

[illegible] *the leading information provider for the global managed derivatives marketplace, is seeking an experienced financial industry professional to act as the focal point for its rapidly expanding European operations.*

The person will be responsible for a wide range of duties associated with MAR's monthly newsletters, quarterly reports on the performance of derivatives investment advisors and electronic data products covering managed derivatives and hedge funds.

Specifically the [illegible] manager's duties will include:

- Sales of [illegible] products by telephone, personal visit and demonstration
- Information gathering through frequent contact with [illegible] client base and European media
- Contributing to the development of MAR publications and conferences
- Public Relations
- Customer service and support.

The ideal candidate will be a self-starter, familiar with managed derivatives and hedge funds, have a wide range of relevant contacts and possess strong sales skills. Fluency in French and/or German would be a definite advantage. A competitive salary linked to relevant experience, aptitude and performance will be offered.

The European Operations Manager will be based in London, but will report to the New York-based *Managing [illegible] of MAR Inc.*

In the first instance please send your C.V. to
David Serten, Vice President, MAR Inc.,
Park House, Park Terrace, Worcester Park,
Surrey KT4 7HY or call him on 071-827 9977.

MAR

COMPLIANCE MANAGEMENT

SUN LIFE, with 1993 New Premium Income exceeding £2 billion, is one of the top five Life Assurance Companies in the UK. *As such we seek to set and maintain the highest standards of compliance throughout the organisation. Indeed, our* philosophy is that being compliant [illegible] good business.

As a result of a promotion and a pending retirement, two management opportunities have arisen in our Compliance division. [illegible] wish to fill these vacancies *with enthusiastic and ambitious individuals who understand that the compliance* function [illegible] central to the success of any company offering financial services in the 1990s.

Both positions will play a key role in monitoring compliance activities across the Sun Life Group. Responsibilities will include the provision [illegible] advice and guidance on Compliance related issues, together with the interpretation and dissemination of changes to LAUTRO rules and other regulatory and legislative changes.

The successful applicants must be able to demonstrate:

- [illegible] detailed knowledge of the FSA, LAUTRO rules, and regulatory framework. In addition one of the positions requires *knowledge of Advertising Standards and the Consumer Credit Act.*
- The ability to lead, motivate, train and advise staff ensuring that all accountabilities are achieved.
- Good interview/interrogation/negotiation/research techniques.
- *Communication and persuasive skills, verbal and written.*
- A clear understanding of the Life Assurance Industry and of the sales process.

Ideally, applicants will be educated to degree standard, may have a legal or accountancy qualification or have current in-depth experience of the compliance regime.

In return we are offering a salary between £ 23,500 - £39,000, *depending* on experience, backed up by a highly attractive benefits package which includes a car. A relocation package will be available for anyone who has to move house.

There is clear potential for further career progression within the Compliance area, or elsewhere within the Group.

To apply please send a full C.V. to:
Steve Knight, Personnel Officer, Sun Life Assurance Society, Sun Life Court, St. James Barton, Bristol BS99 7SL.
or telephone for an application form on 0272 426911 Ext 3935

Applications should arrive no later than Monday 25 April 1994

Sun Life offers equal opportunities in employment and welcomes applications from suitably qualified people regardless of sex, marital status, ethnic origin or disability.

SUN LIFE

Investment Strategist

International Investment Bank

To £60,000 + Benefits | City

Superb and unusual opportunity to join small prestigious bank at the start of a significant stage of growth.

THE COMPANY
- London based investment bank. Well established offshore parent.
- Product range centres on provision of private client services.
- Period of intense planned change [illegible] business structure and focus.

THE POSITION
- Lead and develop investment strategy for private client stockbroking and [illegible] management business.
- Evaluate research and conduct economic analysis [illegible] full range of international securities products and markets.
- Present quality ideas [illegible] private client team. Make rapid clear recommendations.

QUALIFICATIONS
- Seasoned securities analyst and investment strategist. Around 15 years relevant experience.
- Solid private client background. [illegible]monstrate track record of success.
- Strong presentation and communication skills. Persuasive, credible, authoritative.

Please send full cv, stating salary, Ref N1486
NBS, 54 Jermyn Street, London SW1Y 6LX

[illegible] SELECTION LTD
a BNB Resources plc company

N·B·S

London 071 493 6392
Aberdeen • Birmingham • Bristol • Edinburgh
Glasgow • Leeds • Manchester • Slough

Corporate Development Analyst

Hanson plc

c.£50,000 | London

Owing to internal promotion, unique opportunity for a talented and experienced analyst to join [illegible] small, dedicated M&A team at the centre of one of Britain's most prestigious companies. Multibillion turnover plc. Excellent profit history with world-wide interests, especially in the US and UK. Market leader across consumer, industrial and building products.

THE POSITION
- Research, analyse and present recommendations on potential [illegible]
- Provide market perspective on current events, liaising with professional advisors, internal teams and Executive Board.
- Work in small transaction team on deal management and due diligence.

QUALIFICATIONS
- Graduate, ideally 26-30. Experienced in M&A analysis [illegible] corporate finance.
- Rigorous research and analytical skills. Financial modelling expertise.
- Effective communicator, comfortable dealing at Board level. Enthusiastic, energetic, fl[illegible] incisive [illegible] player.

Please send full cv, stating salary, Ref N1502
NBS, 54 Jermyn Street, London SW1Y 6LX

N B SELECTION LTD
a BNB Resources plc company

N·B·S

London 071 493 6392
Aberdeen • Birmingham • Bristol • Edinburgh
Glasgow • Leeds • Manchester • Slough

Analyst/Fund Manager

Pacific Basin Equities

Excellent Package | Edinburgh

Dunedin Fund Managers has [illegible] superb opportunity for [illegible] bright investment analyst [illegible] enhance coverage of emerging markets in Far East.

THE COMPANY
- Dunedin Fund Managers is a successful and growing global investment management group.
- £4.5bn under management on behalf of wide range of institutional and private clients.

THE POSITION
- Focus on listed securities primarily in emerging economies of Pacific Basin and other smaller markets in the region.
- Make recommendations on countries, sectors and individual stocks for implementation across portfolios.
- Part of small, dedicated team. Increased responsibility for portfolio management with experience.

QUALIFICATIONS
- Talented graduate with 2-3 years experience [illegible] an investment analyst.
- Excellent team player. Strong communication, interpersonal and influencing skills vital.
- Must demonstrate ability [illegible] work in a systematic and disciplined manner with flair and initiative.

Please send full cv, stating salary, Ref EN1598
[illegible] 18 Rutland Square, Edinburgh, EH1 2BH.

N B SELECTION LTD
a BNB Resources plc company

N·B·S

Edinburgh [illegible] 229 [illegible] • London [illegible] 6392
Aberdeen • Birmingham • Bristol
Glasgow • Leeds • Manchester • Slough

Innovative Change Managers

Global Custody Operations

City | c. [illegible]0,000 + Benefits

Our client [illegible] a major player [illegible] investment industry [illegible] a successful record [illegible] on outstanding customer service. Rapid business development and increasing levels [illegible] sophistication have created the need to strengthen [illegible] operations support function by the appointment of two senior managers.

The roles require [illegible] ability [illegible] instigate and implement [illegible] radical programme [illegible] change, including the implementation and enhancement of systems, [illegible] maximisation of processing efficiency [illegible] the management, motivation and development of large teams of staff.

[illegible] seeking highly committed and results-oriented individuals with strong motivational and leadership skills, who are experienced in project and change management and dedicated to high quality client service. Candidates will currently be working in securities/custody operations, management consultancy or a high volume processing environment in the corporate sector.

These [illegible] exciting roles within a demanding and fast moving organisation, with excellent career [illegible] and [illegible] opportunity [illegible] make [illegible] significant contribution to the development of [illegible] successful and growing business.

Interested candidates should write to Joe Thomas at [illegible] Associates Ltd at the address below, enclosing [illegible] full Curriculum Vitae which should include contact telephone numbers. All applications will be handled in the strictest of confidence.

76, Watling Street,
London EC4M 9BJ

BBM SELECTION

Tel: 071-248 3653
Fax: 071-248 2814

Senior Institutional Equity Sales

Midland Walwyn, Canada's largest financial services organization serving the individual and institutional investor, [illegible] actively seeking [illegible] senior professional in institutional equity sales.

Based in our London Branch, your years of experience and familiarity with the Canadian markets will enable you [illegible] further develop UK based accounts.

We offer an extremely competitive compensation and benefits package. If you possess the above qualifications and wish to join our international Midland Walwyn team, please submit your [illegible] *by mail only* to:

Corporate Recruiter, Human [illegible]
Midland Walwyn Capital Inc.
London, England Branch
Boston House, #62 – 63 New Broad Street
London, England EC2M1JJ

MIDLAND WALWYN
BLUE CHIP THINKING™

[illegible] BLUE CHIP THINKING is a trademark of [illegible] Walwyn Capital Inc.

Senior Service Products Sales

City

Swiss Bank Corporation is one [illegible] the [illegible] premier investment banks with [illegible] successful and expanding Global Custody [illegible] Management business.

To underline the strength of our commitment to this global business, we strive to [illegible] the best [illegible] and marketing professionals, who have proven track records of marketing to the major European banks, financial institutions and corporates.

Ideally you should [illegible] from [illegible] leading investment bank, MBA qualified, with detailed knowledge of Global Custody and/or [illegible] Management. A [illegible] European language would be a distinct advantage.

Opportunities are outstanding for those who have exceptional client relationship skills and who can deliver.

Senior sales professionals used to being compensated on a sales performance basis, should write to our consultant, George Corbett, enclosing a full curriculum vitae, [illegible] BBM Associates Ltd, 76 Watling Street, London EC4M 9BJ. All applications will be handled in strictest confidence.

[illegible] Bank Corporation

FIXED INCOME QUANTITATIVE ANALYSIS to £50,000

A major European [illegible] with a strong presence in International [illegible] Markets [illegible] recruit [illegible] analyst to work in their quantitative fixed income research department. The group provides the analytics [illegible] support the market making, proprietary trading and corporate finance activities of the bank.

Ideally you will have a good degree and post graduate qualification in a maths related subject and at least four years experience in [illegible] fixed [illegible] environment. You should have a good knowledge of term structure, relative pricing [illegible] financial modelling.

As a pe[illegible]ty you should enjoy accountability as you will work closely with the end-users of your research. You [illegible] have a good [illegible] for markets, the ability [illegible] think laterally and be [illegible] to present your [illegible] in a clear and persuasive manner [illegible] people of varying technical expertise.

Call Tony Sheppeard

MARKETING OFFICER - Major UK Corporates to £35,000+

A leading International [illegible] wants to recruit an experienced marketing officer [illegible] work within its marketing team. The team is composed of young professionals (early 30s) and concentrates on marketing the [illegible] products and services to [illegible] top [illegible] UK corporates.

The successful applicant will immediately assume responsibility for managing existing ac[illegible] but will [illegible] expected to develop new relationships to significantly expand the bank's corporate client base. As such you will need to [illegible] sufficiently experienced in relationship management, have an in-depth knowledge [illegible] major [illegible] companies and [illegible] able [illegible] demonstrate the ability and motivation [illegible] develop [illegible] You must have a broad knowledge of banking products, [illegible] educated [illegible] degree [illegible] ACIB standard [illegible] currently employed within the marketing department of a large bank. As a personality you should be ambitious, articulate, persuasive and [illegible] to work [illegible] within a team [illegible] under your own initiative.

Call Tessa Beck

AUSTEN SMYTHE SEARCH and SELECTION
127 Cheapside, London EC2V 6DH Tel: 071 600 2862 [illegible] 071 [illegible] 4290

ACCOUNT EXECUTIVES - EUROPE

25-35 [illegible] | Attractive Package & Performance [illegible] & Benefits

Technimetrics [illegible] a diversified information [illegible] company specialising in the creation of global databases to facilitate businesses in their communication and marketing efforts.

Over 1,000 corporations and approximately [illegible] brokerage ho[illegible] as well [illegible] numerous stock exchanges around [illegible] world rely on Technimetrics research to reach their [illegible] audiences.

[illegible] a result of planned expansion we wish [illegible] recruit [illegible] self-motivated [illegible] energetic professionals [illegible] work [illegible] London to cover the European markets. Applicants are likely to be graduates with an understanding [illegible] the financial markets. They should have a record of [illegible] in developing existing and [illegible] business at senior executive level. [illegible] will [illegible] team players eager to join a group of individuals proud of their collective efforts.

Excellent European language skills [illegible] a prerequisite for all positions with mother tongue German required [illegible] the German market. Some computer literacy is required.

If you relish the challenge of an opportunity in a growth [illegible] please send your curriculum vitae [illegible]

[illegible] Ciara [illegible] on fax: 071 [illegible] 6476.
Technimetrics, Inc., [illegible] Newman [illegible] London W1P 3LD

TECHNIMETRICS, INC.
A KNIGHT-RIDDER COMPANY

Bloomberg

BUSINESS NEWS

Editors

Global News Service | Based London

Bloomberg Business News, a 24-hour global [illegible] service, seeks experienced editors for [illegible] London bureau.

Qualified editors will have [illegible] least three years experience [illegible] top financial news service or newspaper and will have in-depth knowledge of the business world and financial markets of at least one major European country.

Candidates with strong knowledge of London's financial markets and U.K. companies [illegible] especially sought.

Depending on experience, responsibilities will range from line-editing copy to making assignments and managing [illegible] reporting staff that files from 12 European bureaus through a central editing desk in London.

Interested applicants should send or fax resumés and any clips [illegible] The Freshman Consultancy, quoting reference FT/5/94.

FRE[illegible]N

The Freshman Consultancy, Coppergate House, 16 Brune Street, London E1 7NJ.
Telephone: 071-721 7361 Facsimile: 071-721 7362

هكذا من الاصل

SENIOR MONEY MARKET TRADER

substantial salary plus excellent bonus potential

Our client is the proprietary trading [illegible] of a major international corporation and [illegible] sophisticated and very profitable niche player in the global financial markets. As a result of continuing expansion they [illegible] seeking to recruit a senior dealer [illegible] trade short-term non-dollar money market instruments, exploit arbitrage opportunities and actively manage interest rate exposures.

Working [illegible] a key member of [illegible] small but high profile team, the successful applicant [illegible] likely to be a graduate in his/her late [illegible] with an innovative approach [illegible] trading and risk management. A minimum of five years experience trading money market instruments [illegible] proprietary basis [illegible] a major financial institution and a detailed knowledge of the UK and European markets is essential. Exposure to derivatives including options, caps, collars, floors and foreign exchange swaps and/or European language skills would be an advantage.

This is an outstanding opportunity for [illegible] senior trader with excellent long-term [illegible] prospects. The position, which is based near the southern sector of the M25, offers [illegible] competitive salary, strongly performance-related bonus, car and relocation assistance.

[illegible] call Jan Perrin [illegible] 071 623 1266

Jonathan Wren [illegible] Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Telephone 071-623 1266 Facsimile 071-626 [illegible]

TRADE FINANCE OFFICER

A Trade Finance Officer is sought by a leading international bank to assist in the development of new business and to provide support to an existing team.

The [illegible] fully conversant with [illegible] finance products. [illegible] minimum [illegible] years banking experience [illegible] required. Ideal age late twenties - early thirties.

The [illegible] should preferably be [illegible] literate and must [illegible] self motivated. A business degree (preferably MBA) or [illegible] qualification would [illegible] an advantage. Ability [illegible] in a team [illegible]

Personal qualities [illegible] ability to work [illegible] pressure [illegible] sacrificing quality, [illegible] excellent communicative and interpersonal skills [illegible] flexibility.

Salary [illegible] plus [illegible]

Write to Box [illegible]
Financial Times,
One Southwark Bridge,
London SE1 9HL

Interest-rate Research for Bonds Markets

A [illegible] with commercial acumen [illegible] a high [illegible] team

City

[illegible] Corporation is [illegible] of the world's leading international banks. Our global [illegible] has given us the strongest possible foundation for long-term growth in investment banking.

In [illegible] professional culture, research [illegible] seen [illegible] a proactive tool and [illegible] a passive instrument of business. Two years [illegible] took the bold [illegible] to develop [illegible] world-class, internationally integrated approach to research. Today, that initiative is paying dividends. Far from being behind [illegible]. Researchers work closely with [illegible] and trading teams and frequently with clients [illegible] formulate [illegible] and strategies. They [illegible] highly respected players in [illegible] very high profile [illegible].

We are now adding to that team strength in the area of Interest-rate research for Bonds Analysis. It is an opportunity for a Mathematician with exposure to Bonds – possibly in a sales role – or perhaps a PhD with the ability to find solutions to unprecedented problems. The work will range from the analysis of the relative values of inter and intra bond markets to the responsiveness of yield [illegible] to interest-rate changes and their impact [illegible] recommended portfolios.

Ideally aged mid to late 20's, you [illegible] be assertive [illegible] analytical though [illegible] ivory-towered. Responsive to the pressure and immediate demands of the trading floor, your commercial acumen [illegible] well [illegible] your intellectual agility will win [illegible] respect of sales and trading partners.

If you [illegible] potential to make [illegible] critical contribution [illegible] business, you will [illegible] with outstanding prospects, a salary [illegible] match your talent and performance-related bonus [illegible] part of a generous package.

[illegible] send your written application [illegible] Lynn Temple, Human Resources, [illegible] Corporation, Swiss Bank House, 1 High Timber Street, London [illegible] 3SB.

Swiss Bank Corporation

ASSISTANT FUND MANAGER

Fixed Income and Derivatives

City — Competitive salary + banking [illegible]

Our client, [illegible] prestigious international bank with equivalent to [illegible] billion under management in London, is seeking to recruit [illegible] high-calibre graduate with investment management experience, to join [illegible] specialist derivative and quantitative fund management team. Initially, the role will entail assisting fund managers in [illegible] aspects of portfolio management and product development of their derivatives-based fixed income portfolios. However, it is anticipated that [illegible] role will develop rapidly to involve full fund management responsibilities, as [illegible] candidate's knowledge and understanding of the products develops.

This is the ideal career move for an ambitious assistant to move into the [illegible] of systematic fund management. Reporting directly to the team leader, he/she will be expected to assist in a variety of investment-related tasks and be able to demonstrate flexibility within the team.

Ideally, candidates will be aged 25-30, with at least two years' experience of fund management. A sound knowledge of the international debt markets will be expected, and an understanding of derivatives would be an advantage, although training will be provided in this area.

A good degree in a mathematical discipline and sound analytical and PC skills are essential requisites for this exciting and challenging role.

Interested candidates should send full curriculum vitae, including current salary, to Carol Jardine, Managing Director, Whitney Selection, 17 Buckingham Gate, London SW1E 6LB, quoting reference WS/90/2.

WHITNEY SELECTION

FOREIGN EXCHANGE SETTLEMENTS MANAGER

CITY, [illegible]

SALARY c.£35,000-40,000 + benefits

Gerald Limited, London member firm of The Gerald Group, [illegible] seeking applicants for [illegible] management position [illegible] commodity brokerage and trading business.

The FX Settlements Manager will be responsible for the foreign exchange and bullion [illegible] department operating on a 24 hour basis [illegible] London [illegible] New York. Applicants [illegible] have five years' settlements experience with physical [illegible] and [illegible] and Options and some accounting knowledge. Computer [illegible] are essential (FX Settlements systems and Windows packages) together with [illegible] aptitude to develop [illegible] systems.

Probably from a commodities or banking background, the successful applicant will be [illegible] team-worker with a hands-on approach who possesses effective communication skills and seeks a challenging role in a meritocratic environment.

Please submit c.v. and covering letter to:

[illegible] Vernon Browne, [illegible] Manager,
[illegible] Limited, Europe House,
[illegible] by [illegible] Tower,
London E1 [illegible]

DATABASE ANALYST

Financial [illegible] Derivative Markets

c£25,000 – £35,000 + car [illegible] generous banking benefits · City based

Our client is [illegible] major UK financial institution which maintains an extensive database covering global equity securities, derivative instruments, foreign exchange data and proprietary information. Maintained by their Edinburgh-based team of analysts, this database supports the calculation of equity indices and the production of their research publications, as well as their customer services and risk management activities.

Their priority now is to establish a team of data analysts based in London, to take responsibility for promoting knowledge and usage of the database among their [illegible] and [illegible] clients in this region. They will also help to develop the range of services it provides.

As a founder member of this team, you must possess a good knowledge of financial markets and [illegible] instruments coupled with real technical flair. As you will be expected to provide [illegible] strong link between London users and the Edinburgh-based team, excellent communication skills and the ability to work [illegible] part of [illegible] team will be equally critical. Experience of Unix, Fame and Sybase databases is also [illegible] but not [illegible]

Please write with your cv, stating any companies to which your application should not be sent, to: Alastair Lyon, Confidential Reply Handling Service, Ref 863, Associates in Advertising, [illegible] St John's Lane, London, [illegible] 4BH.

ASSOCIATES IN ADVERTISING

Assistant Manager - Credit -

Kuwait [illegible] Salary Package

- Our client, [illegible] Finance House (KFH), [illegible] large investment company [illegible] Kuwait, engaged [illegible] banking, investment, real [illegible] and commercial operations [illegible] seeking [illegible] recruit [illegible] high calibre executive for [illegible] credit department. KFH operates within the guidelines [illegible] by Islamic Law (Sharia).
- The selected candidate [illegible] report to the Assistant General Manager – Credit, and will assist [illegible] management in the functions of credit analysis, planning and budgeting. He [illegible] also be responsible for developing, reviewing and suggesting improvements [illegible] accounting systems and procedures.
- The [illegible] candidate for this challenging position [illegible] meet [illegible] following eligibility criteria:
  - A professionally qualified accountant in mid [illegible]
  - Over six years experience in the financial services sector
  - At least three years of experience at a managerial level
  - Prior exposure to sophisticated computerised operating environments
  - Fluency and proficiency [illegible] spoken and written English; ability to speak and/or write Arabic, though [illegible] a necessary qualification, will [illegible] advantage.
- The post calls for [illegible] person with initiative, strong personality and good communication [illegible] KFH will offer [illegible] attractive expatriate remuneration package, commensurate with qualifications and experience.
- **Interested candidates [illegible] their CVs, giving career details, salary expectations and two recent passport-size photographs to: Varun Sharma, Ernst [illegible] Young, PO Box 74, Safat 13001, Kuwait, superscribing "Ref No: [illegible]" on envelopes. Only shortlisted candidates will be contacted.**

ERNST & YOUNG

CRANFIELD MANAGEMENT [illegible] LIMITED

Director of the Management Development Unit

Executive [illegible] aimed at senior and [illegible] management [illegible] a vital and dramatically expanding activity [illegible] School of Management. We are seeking a [illegible] management development specialist to direct and further develop the Management Development [illegible] markets and [illegible] both [illegible] and [illegible] General Management Programmes.

The successful applicant will enhance and develop [illegible] Management Programmes by creating [illegible] managing relationships with organisations within the [illegible] will work in close liaison with [illegible] academic subject [illegible] within the Faculty.

As well as comprehensive knowledge of practice in management development, applicants should be able to show evidence of excellent marketing and presentational ability, consulting skills and the capacity to manage the internal structure. International experience would be a considerable advantage.

An appropriate salary and [illegible] Company Car will be provided.

For further details of this appointment please telephone Linda Neal, Personnel Administrator, Cranfield School of Management on [illegible] 44 (0) 234 751122.

EQUITY DERIVATIVES TRADER

A major European [illegible] house urgently [illegible] a trader with 2/3 years experience in derivatives trading to join a small arbitrage desk. The successful candidate will ideally be highly numerate and pc literate, hence a good degree in mathematics/engineering or in business with a quantitative [illegible] is essential.

The applicant [illegible] have a strong desire [illegible] develop their [illegible] in equity derivatives. Salary £65,000 + future bonuses will be commensurate with performance.

For further information please [illegible] Phillip Ashby-Rudd [illegible] address below.

Jonathan Wren [illegible] Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Tel. 071-623 1266 Fax. 071-626 5259

FIXED INCOME FUND MANAGER

An excellent opportunity has arisen for someone to develop their multi-currency fixed interest expertise within a specialist unit. The company concerned is of medium size, situated in the City, and is acting as managing agents for [illegible] number of mutual insurance companies.

The ideal candidate will be a graduate with a minimum of three years' relevant fund management experience and should possess good presentation and communication skills.

Please apply, enclosing a copy of your CV, to:

Box B2392, Financial Times,
One Southwark Bridge, London SE1 9HL

BRINDENBERG SECURITIES A/S

COPENHAGEN

Established Securities Company in Denmark wishes [illegible] recruit the following professionals:

Experienced Sales Persons

The position requires dynamic persons who are skilled, articulate, and have a [illegible] experience in the sale of US/European equities. The incumbent should also be free to relocate [illegible] Copenhagen [illegible] accept remuneration [illegible] commission only.

(Fluency in English, EC nationals or EC working papers, only.)

[illegible] Ms. Petringa at:
Brindenberg Securities A/S,
H.C. Andersens Boulevard, 13,
[illegible] Copenhagen, V,
Denmark.
Tel: 45-33 93 85 88 Fax: 45-33 93 85 87

SENIOR INTL TRANSACTORS

Tax Based Asset Finance

Several career opportunities exist with leading London investment – merchant banks for graduate bankers aged 28-35 years with proven ability in sourcing structuring and closing, high value cross border tax based asset financings. Candidates should also have had exposure to Quis's Zero's Swap's etc, fluency in French, German or Spanish desirable. £ HIGH

GRADUATE ACA (TAXATION)

Our client seeks an ACA aged c28 years, with specialisation in taxation and ideally knowledge of leasing/asset finance. £30-£33,000

MARKETING UK CORPORATES

Two banks seek graduate bankers aged 28-35 years with sound credit analysis documentation experience plus several years top level marketing experience covering major UK corporates. Fluency in French or German highly desirable. V. NEG £25-£35,000

SYNDICATION OFFICER EUROPE

Similar to above with sound documentation pricing underwriting origination/distribution skills. NEG £30-£40,000

CONTACT BRIAN GOOCH

FIXED INCOME FUND MANAGERS

[illegible] for graduates with [illegible] experience of FI buy side. Funds will be available to manage depending upon experience. One role is an AFM position. NEG £25-£40,000

INSTITUTIONAL PENSION FUND MARKETING MANAGER

Our client requires a broad generalist capable of identifying new business and presenting to clients. The role will be mainly office based but offers travel within a team environment. Age range 28-40 years. German useful. NEG AAE

FUTURES BROKERS

PHONE BROKERS x 2 for LIFFE floor with 2-3 years experience of European Markets. £30,000

[illegible] BROKERS with [illegible] years experience [illegible] European Markets both Futures and Options. £45,000

EXPERIENCED PIT TRADER, preferably Bunds/Euromarks. [illegible]

CONTACT EDWIN LAWRIE

OLD BROAD STREET BUREAU — Search [illegible] Selection Consultants
65 London Wall, London EC2M 5TU
Tel: [illegible] 3991 [illegible] 071-588 9012

هكذا من الاصل

Al Bank Al Saudi Al Fransi
The Caring Bank

البنك السعودي الفرنسي

Al Bank Al Saudi Al Fransi, one of the leading banks in Saudi Arabia, and affiliated to Banque Indosuez, offers the following exceptional opportunities:

Senior Dealer, Money Market

The company:
- Al Bank Al Saudi Al Fransi (Saudi French Bank) Riyadh, [redacted] Arabia.

The role:
- Working with a [redacted] four [redacted]
- Manage [redacted] Bank's liquidity in USD through [redacted] sheet [redacted] balance [redacted] operations.
- Good knowledge [redacted] derivative products.
- Supports the Corporate [redacted] with quotations and [redacted] market.
- Works closely with Group Treasury Management on analyzing and advising interest [redacted] risks.

The person:
- Minimum [redacted] years experience [redacted] senior [redacted] or [redacted] dealer preferably with a large bank .
- Knowledge in forwards, strong economic analysis.
- Age: Between [redacted] years.

Dealer Money Market and Forwards.

The company:
- Al [redacted] Saudi Al Fransi (Saudi French Bank) Riyadh, [redacted] Arabia.

The role:
- Working [redacted] a team of four [redacted]
- Running small forwards book in DEM-STG-FRF-YEN.
- [redacted] knowledge of [redacted] products.
- Supports [redacted] Corporate and [redacted] margin trading [redacted] with quotations [redacted] the [redacted] currencies.
- [redacted] Deputy [redacted] Dealer in the [redacted] operations.
- Emphasis [redacted] funding, strategy, analysis of [redacted] and [redacted] positions proposals.

The person.
- Minimum [redacted] years experience [redacted] dealer preferably [redacted] large Bank.
- [redacted] knowledge in economic analysis.
- Age: [redacted] 40 years.

Remuneration:
- [redacted] free salary.
- Housing, transportation [redacted] allowances.
- [redacted] and incentive scheme.
- [redacted] insurance scheme.

Please write enclosing full curriculum [redacted] in Bank Indosuez, 71 Queen Victoria Street, [redacted] Center, London EC4V 4DE Human Resources Department Att. Ms.Shirley Lynas quoting [redacted] French [redacted]

GERMAN SPEAKING
SALES PROFESSIONAL
FINANCIAL MARKETS INFORMATION SERVICES

Based Frankfurt

Thomson Financial Services (TFS) is a leading provider of *proprietary information products and delivery services to the* global financial and corporate community. With 33 offices and over 2500 employees around the world, TFS is a dynamic, client-oriented and rapidly growing organisation.

The Technical Data division delivers real-time data for fixed-income, forex and capital markets to dealers and analysts via the Telerate network. On 16 market-specific services, our global team of experts produces both technical and fundamental analysis and trade recommendations.

We're now seeking a high-calibre Sales Executive, fluent in German and experienced in the financial markets, to develop business from Frankfurt. The brief will be to develop existing accounts, identify new business opportunities and expand the customer base. [redacted] close working relationship with third parties, especially Telerate, will be an important aspect.

With a broad knowledge of the global financial marketplace, from forex to fixed income, you should have at least two years' [redacted] experience, ideally in a [redacted] information services environment. Whilst product training will [redacted] course be provided, you must have the knowledge, the credibility and the personality to make an immediate impact.

An excellent package is on offer, and the prospects are outstanding. Please write with your cv and covering letter, quoting ref 94153, to Jo Atram, Personnel, Thomson Financial Services Ltd, Aldgate House, 33 Aldgate High Street, London EC3N 1DL.

THOMSON
FINANCIAL SERVICES

PROPRIETARY TRADER

An American [redacted] firm [redacted] a proprietary [redacted] The candidate should be at most thirty years old and have at least [redacted] years' experience trading non-dollar government securities, derivatives, [redacted] and [redacted] The candidate should also has a strong mathematical background and arbitrage experience with [redacted] ability to apply [redacted] computer systems. Knowledge of at [redacted] foreign languages [redacted] required.

[redacted] apply [redacted] Box B2001, [redacted] Times, [redacted] Bridge, London SE1 9HL

Executives
Corporate Finance

Due to growth in our corporate finance business both [redacted] the UK and internationally, we are seeking to recruit additional high calibre executives. The successful individuals will work in close-knit teams and will be responsible for the provision of corporate finance services to clients on a global basis.

Specifically, we have opportunities in the following areas:

General Advisory

Graduate ACAs and Lawyers with [redacted] strong academic background and excellent communication [redacted] Successful candidates [redacted] likely to have between 6 months and [redacted] years post qualification experience.
Alternatively, candidates for [redacted] international teams may be [redacted] qualified with fluency in a minimum of 2 languages.

Privatisation

An executive [redacted] join our global privatisation [redacted] Candidates must have a minimum of [redacted] years relevant experience including previous privatisation work and should possess excellent interpersonal skills.

Asia

An individual to join [redacted] Asia department *focusing* [redacted] *the underwriting of equity and equity linked issues.*
The *successful candidate* will [redacted] a graduate with 2 [redacted] 4 years exposure [redacted] capital markets and must be able [redacted] demonstrate a genuine interest in and commitment [redacted] the Asian market.

Benefits include [redacted] attractive remuneration package, performance related bonus, mortgage subsidy and [redacted] opportunity [redacted] develop [redacted] outstanding career based on individual merit.

For further information contact our recruitment adviser **Jon Vonk** on [redacted] 1312 (071-720 1527 eves/w'ends) [redacted] **Marks Sattin**, Financial Recruitment Consultants,18 Hanover Street, London W1R 9HG.

Kleinwort Benson

Corporate Analysts
Can you see business opportunities where others see only figures?
Edinburgh

[redacted] Life is Europe's largest mutual life assurance company [redacted] assets [redacted] management exceeding £37 billion [redacted] operations in [redacted] UK, Canada, [redacted] Spain. We are looking [redacted] opportunities to expand our [redacted] new products and markets.

We [redacted] *wish* [redacted] *corporate* [redacted] *analysts to join our* existing [redacted] which investigates new business opportunities. Your investigations into potential investments and monitoring of financial sectors will enable you to [redacted] informed recommendations about [redacted] product [redacted] business opportunities for the company. In short, you [redacted] *help* [redacted] *promote our diversification strategy.*

You would [redacted] expected to have strong commercial [redacted] and analytical skills, and the ability to effectively [redacted] your [redacted] You should [redacted] educated to degree level and have commercial research experience ideally either in a particular financial [redacted] *country, in investment analysis* [redacted] *in mergers and* acquisitions work. Knowledge of a leading foreign language would also [redacted] advantageous.

At Standard Life [redacted] committed to training [redacted] developing our people [redacted] enable [redacted] to fulfil their potential to meet the [redacted] of [redacted] company. [redacted] competitive salary will [redacted] plus a *full range of* benefits including house purchase loan scheme, non-contributory pension and private medical [redacted]

Please write with full cv and details of your current remuneration quoting ref: 925/FT to: Carolyn Scott, Recruitment Officer, Standard [redacted] *Assurance Company, 40-42 George Street,* Edinburgh [redacted] 2LE by 27th April 1994.

STANDARD LIFE

European Credit Analysis
Bankers Trust Company
Excellent Remuneration including substantial Bonus + Benefits **City**

The Global Markets Credit Department of Bankers Trust manages counterparty risk assessment for the Bank's trading business, covering the full range of proprietary and client trading. Counterparties include financial institutions and sovereign or sovereign-related entities, with the emphasis on complex structures. As a result of internal promotion and expansion, the Bank seeks three Senior Credit Analysts to cover the UK, French and Scandinavian markets respectively.

THE ROLES
- Work proactively with marketing officers and [redacted] a continuing [redacted] of profitable [redacted] advise on deal *structures.*
- Visit [redacted] omers both independently and with marketing officers to gather relevant information. [redacted] company *management* and negotiate [redacted] the structure of transactions.
- [redacted] and analyse financial [redacted] industry information relating to [redacted] and potential counterparties.
- Conduct detailed studies of *specific sectors to aid the* Bank's marketing efforts through better understanding [redacted]

THE REQUIREMENTS
- [redacted] formal credit training [redacted] a minimum of four years' *relevant experience in banking, equity analysis or a rating* [redacted]
- [redacted] understanding [redacted] range [redacted] financial [redacted] and [redacted]
- In-depth knowledge of the local financial markets [redacted] *prerequisite* [redacted] *the* [redacted] *French roles, together with* fluency [redacted] French for the [redacted] requires [redacted] credit analysis experience [redacted] *knowledge of the local* [redacted]
- Analytical and [redacted] well developed communication [redacted] and [redacted] the "bottom line"..

Please apply with a full CV and salary details, quoting reference 1002/X for the French role, 1002/Y for the UK role and 1002/Z for the Scandinavian role, [redacted] Susannah Truswell, K/F [redacted] Regent [redacted] House, [redacted] W1R [redacted]

K/F ASSOCIATES
Selection & Search

APPOINTMENTS ADVERTISING

appears in the UK [redacted] every Wednesday & Thursday and in the International edition every Friday.

For information on advertising in this section please call

Gareth Jones
on
071 873 3779
Andrew Skarzynski
on
071 873 4054

OPERATIONS SPECIALIST

Excellent salary and benefits
New York based

Morgan Stanley Trust Company is looking to recruit a specialist for its Operations Department, based in New York.

This newly created role will involve [redacted] securities lending operations, tracking dividends and corporate actions, income collection as well as client liaison and reporting. Operations experience with the broker/dealer community will be a pre-requisite. The successful applicant will be required to spend two to four years in our New York operations [redacted]

[redacted] a degree level education [redacted] preferable, a proven track record is seen as the primary qualification for this appointment. The ideal candidate, probably in their mid [redacted] late 20s, will have three [redacted] five years' experience in the Securities Lending or Settlements Operations area of a major financial institution. [redacted] must be bright, self-motivated and possess well developed interpersonal skills which will ensure their [redacted] in [redacted] team oriented environment.

This [redacted] an opportunity which [redacted] both immediate responsibility and excellent career potential within one of the world's leading investment services firms.

Applications in writing including a full CV should be [redacted] to: [redacted] Jenkins, Morgan Stanley UK Group, [redacted] Square, Canary Wharf, London E14 4QA.

MORGAN STANLEY & CO. INC.

HEAD OF CREDIT RISK

Equities division of a major financial institution

Excellent salary and package - City based

Our client is a major UK institution, covering the full range of trading activities: Treasury, Equities and Capital Markets.

They are seeking a Head of [illegible], Equities, responsible for all credit-related [illegible] in an environment trading complex derivative instruments across both corporate and institutional clients.

You will be educated [illegible] Graduate or Masters level, with at least five years' credit/counterparty work experience and a good knowledge of equity and derivative products and markets, probably gained in a US house. You will possess strong interpersonal skills and an ability to work with all areas of the business, implementing business objectives without impeding them or compromising control standards.

Please write with your cv, stating any companies to which your application should not be sent, to: Alastair Lyon, Confidential Reply Handling Service, Ref: [illegible] Associates in Advertising, 5 St John's Lane, London EC1M 4BH.

ASSOCIATES IN ADVERTISING

MANAGER - CASH MANAGEMENT

CITY c£45,000 + bonus + flexible benefits

THE PERSON

Of graduate calibre, you will have the potential to develop as the scope of the department increases. Offering proven man-management abilities, you have probably gained your experience within one of the larger securities houses or a major bank. You will certainly have a thorough understanding of the issues surrounding securities settlement. You will also bring the professionalism, skills and experience necessary to implement systems changes and the concomitant changes in operational procedures.

THE ORGANISATION

A major global securities firm with a strong London presence. Cash Management performs a key role within a fast-paced Treasury department, which is committed to the improvement and further development of its capabilities. The [illegible] responsibility for establishing funding requirements, managing the firm's multi-currency bank accounts and effecting all Treasury payments and receipts, the majority of which pass through S.W.I.F.T.

THE ROLE

An increasing number of transactions and the need to enhance procedures and computerised systems make this a high profile appointment. The role demands strategic thinking as well as the ability to identify and resolve operational issues, especially when considering the impact of new products upon cash and liquidity management.

Initially leading a team of twelve, you will have complete responsibility for the management and future development of the functions controlled by the Cash Management area.

The role will encompass the management of relationships right across the firm and reports into a demanding but very supportive senior management team, who operate within a meritocratic culture.

To progress your [illegible] this challenging appointment, contact Susan Milford at Carrington Heath, City Business Centre, 2 London Wall Buildings, London [illegible] 5PP, quoting reference 148955.
Tel: 071 [illegible] 4200 (eve. [illegible] 37480) Fax: [illegible] 576724

CARRINGTON HEATH
EXECUTIVE SEARCH & SELECTION

Regional Business Manager

City Of London
c. £35K + Bonus + Car + Executive Benefits

Designing and building tomorrow's HR [illegible] is a sophisticated, continually evolving business. [illegible] reputation is founded on a [illegible] - where [illegible] never [illegible] the definitive [illegible] and where new ideas are nurtured. It's a philosophy that has made us Britain's largest recruitment agency.

[illegible] phase of increasing prosperity a key position has been created for an assured professional, with management experience, to play a pivotal role between two of our leading divisions - [illegible] Employment and [illegible] Accountancy. Specifically your brief will be to exploit this dual [illegible] in order to develop new products and services which, in turn, can be used to [illegible] and capitalise on business opportunities.

This will require a knowledge of the [illegible] services sector, together with an informed understanding of their unique needs. Much of your [illegible] will rely on your ability to encourage new attitudes, challenge existing perceptions and design and deliver innovative HR solutions to meet complex requirements. Your natural creativity should be complemented by obvious commercial flair and the ability to "know an opportunity when you see one".

Applications [illegible] to Ann Rennie, Director Of Human Resource Strategy, Reed Personnel Services plc, 104 New Bond Street, London W1Y 9LG.

REED personnel services

MashreqBank بنك المشرق

Over its 26 year history, MashreqBank has evolved into one of the leading Financial Institutions in the United Arab Emirates. We now seek results-oriented Relationship and Credit Officers for our Commercial Banking Group in the U.A.E.

RELATIONSHIP & CREDIT OFFICERS

If you have five to twelve years experience in Credit/Marketing in an International Bank, fluency in Arabic, a degree in business or accounting and a proven ability to manage business relationships, successfully, then send your curriculum vitae to:

MASHREQBANK
LONDON BRANCH,
P.O.BOX 97, BAVARIA HOUSE,
13-14 APPOLD STREET
EC2A2BD or FAX: 071-410 0832

OPERATIONS MANAGER – INVESTMENT ADMINISTRATION Package c£60,000

This firm has a pre-eminent reputation in the global securities market and is now in a position to recruit its first operations manager for its fund management arm. The role will be extremely varied but centres on the management of a small, professional, tight-knit team of investment administrators working in a pressurised environment. In addition, the firm is dedicated to improving systems and procedures, providing an environment of constant change and development which generates extensive ad-hoc project work. The position requires someone entrepreneurial, who is looking for a highly visible, influential role in a company with a flat management structure. Suitable candidates will have a minimum of five years experience in investment administration at senior level with a good product knowledge and advanced IT skills.

Please [illegible] Stephanie Devine

HEAD OF CREDIT c£60,000

This is a new position, brought about by the return to the United States of the present incumbent. The job calls for a seasoned credit professional to take over all risk management procedures for this mid sized commercial bank, reporting to the Chief Executive in London. Experience of grading loans and dealing with the OCC will be a distinct advantage.

Please [illegible] Brenda Shepherd

Fax	Cleary Court, 21/23 St. [illegible] Lane	Telephone
071-626 [illegible]	London [illegible] Financial Recruitment Consultants	071-626 1161

SHEPHERD LITTLE

APPOINTMENTS ADVERTISING

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday

For further information please call:

Gareth Jones on **071 873 3779**

Andrew Skarzynski on **071 873 4054**

Philip Wrigley on **071 873 3351**

To an organisation as ambitious as the Royal Bank of Scotland, a period of considerable change represents a period of considerable opportunity. Not least in the promotion of specialist business areas such as Payment Services.

MANAGERS - MONEY TRANSMISSION SERVICES

PACKAGE TO £45K
EDINBURGH & LONDON

Vital to the Bank's front-line operations, the activities of our Payment Services department cover all forms of cash/cheque payment and money transmission.

We now require two Managers to head up newly created business teams in Edinburgh and London.

Reporting to the Director of Payment Services, you'll be responsible for product management and support in both the retail and investment banking arenas. You'll lead strategic initiatives – designed to accelerate the growth of profitable business in this field.

This is an ideal opportunity to secure a high-profile role within a major financial services organisation. Ideally you should have money transmission services experience involving leadership of a team, together with proven business [illegible] and an ability to work to tight deadlines.

In return, you can expect a highly competitive salary, plus a generous benefits package which includes a car, BUPA, a mortgage subsidy and, where necessary, relocation assistance.

To make your application, please write or fax, with a full cv, to Alison Yeoman, Personnel Manager, Personnel Department, Royal Bank of Scotland, 42 St Andrew Square, Edinburgh EH2 2YE. Fax: 031-557 2845.

[illegible] to Equal Opportunities

The Royal Bank of Scotland
WHERE PEOPLE MATTER

CORPORATE FINANCE

City Competitive Salary

Our client, a leading corporate stockbroker, is seeking to recruit highly motivated and capable individuals from major City firms, to join its prestigious corporate finance department. The department has undergone substantial growth and is a recognised leader in the UK corporate sector. This is an excellent [illegible] opportunity for the ambitious young professional looking for his/her first [illegible] into the field of corporate finance.

Reporting to a Director, candidates will assist with a variety of transaction work, documentation, marketing issues, planning and client administration. As the department operates on a non-hierarchical basis, candidates must be able to demonstrate flexibility and team spirit. Stamina and the ability to work under pressure are essential requisites for this interesting and challenging role.

Candidates will be recently-qualified accountants, lawyers or [illegible] with a good academic record. First-class presentation and numeracy skills are essential, and familiarity with City transactions and the Yellow Book would be an advantage. The ability to assimilate information quickly and to become a proactive member of the department is of prime importance in this challenging and exciting position. Ideally, candidates will be aged 24-30.

Interested candidates with the relevant experience should send a curriculum vitae, in strictest confidence, to Carol Jardine, Managing Director, Whitney Selection, 17 Buckingham Gate, London SW1E 6LB, quoting reference WS/119/1.

WHITNEY SELECTION

APPOINTMENTS WANTED

VIETNAM

German Businessman, [illegible] yrs with 4 yrs working experience in Vietnam with best connections to government agencies, ministries, [illegible] community as well as very good understanding of the vietnamese mentality is looking for challenge in trade/industry or service business incl. shipping/freight forwarding.

Please write to Box [illegible], [illegible] Times, One Southwark Bridge, London [illegible]

BZW

BARCLAYS de ZOETE WEDD

[illegible]

COMPLIANCE OFFICER

This position will be expected to
- [illegible] and [illegible] a Compliance infrastructure for [illegible] Division as a whole in Germany which will in[illegible] assisting Senior Management to [illegible], encourage and implement appropriate compliance [illegible] across BZW;
- advise in respect of the German securities industry regulatory, legislative and market developments; and
- establish an on-going surveillance function.

Given the [illegible] complexity and scope of the position it will be provided with [illegible] necessary [illegible]. We envisage can[illegible] to be self motivated, pro-active and commercially [illegible] in their approach to identifying areas of risk. Since the [illegible] will be reporting to Senior Management in Frankfurt and the Compliance Department in [illegible] Head Office fluency in both German and English is essential.

The ideal [illegible] is likely to be aged 30 to 35 and will most probably be working at present moment in the legal department of a bank, in an international [illegible] or law firm with extensive exposure to securities, capital markets and corporate finance issues.

BZW is expanding its operations. For the right individual [illegible] will be opportunities [illegible] further development [illegible]. Salary and benefits will be commensurate with experience. Interested applicants [illegible] enclosing a complete CV to Carsten Kengeter or contact him ahead of their formal application on 00 44/3 [illegible] 12 [illegible] Saturday [illegible] 6 pm.

BARCLAYS de ZOETE WEDD DEUTSCHLAND [illegible]H
BARCLAYS BANK PLC Frankfurt Branch
[illegible] 40, D-60323 Frankfurt/M.

صكا من الاصل

ACCOUNTANCY COLUMN

Standard setting not the panacea for all ills

Gerry Acher argues that business life is too complex for prescriptive rules to override personal judgment

Today, the Accounting Standards Board has published FRS 5, the standard primarily designed to curb off-balance [redacted] finance. It [redacted] how accounting judgment is rapidly taking [redacted] place [redacted] prescriptive rules.

By comparison [redacted] earlier [redacted] dards – [redacted] SSAP 16, which introduced current [redacted] accounting [redacted] an entirely different system [redacted] profit [redacted]t – this standard is of [redacted] length, albeit much in [redacted] form [redacted] application [redacted]

Business [redacted] is far more complex [redacted] the one dimensional approach [redacted] entry bookkeeping. Very [redacted] accounting [redacted] can [redacted] expressed in [redacted] white. The function [redacted] communicate the colourful reality to [redacted] particular audience in an honest [redacted] that makes sense [redacted] them [redacted]

The process [redacted] standard setting started innocently enough more than two decades ago. Because of the com[redacted] of business, it was [redacted] to adopt a number of completely different, [redacted] arguably equally acceptable, ways [redacted] looking at the same result. Some narrowing of the range was desirable.

But [redacted] perfectly [redacted] process is increasingly in danger of transformation into an [redacted] expanding "cook book" [redacted] in which [redacted] more important to observe the rules than it is to get the message across.

One has only to look at the example [redacted] the leasing standard, SSAP 31, and the distinction it [redacted] between finance leases (which feature on the [redacted] operating leases (which do not).

What it actually says is that the criteria [redacted] finance [redacted] be presumed [redacted] apply if the present [redacted] of the minimum [redacted] payments amounts to "substantially all" [redacted] fair value of the leased asset. It says that "substantially all" will normally mean 90 per cent or more. In practice, the figure is [redacted] as an [redacted] barrier, [redacted] almost [redacted] is expended in [redacted] not [redacted] This is [redacted] judgment, [redacted] auditing, [redacted] all about.

The US experience of goodwill [redacted] another example of the way in [redacted] detailed standard degenerates [redacted] mechanistic approach. [redacted] GAAP, [redacted] capitalised [redacted] amortised, over a period [redacted] practically everyone [redacted] for [redacted] longest possible period, relying [redacted] for support. It [redacted] the [redacted] and Exchange Commission, a much more interventionist regulator [redacted] in the UK, to [redacted] of company [redacted] shorter period.

A number of [redacted] contributed to this cook book situation. One could look to Brussels as [redacted] convenient bogey, with its [redacted] tality. But the fault, I am afraid, is much [redacted] with professional [redacted]

[redacted] preparing [redacted] auditing [redacted] in [redacted] nature. In many cases, there is a relationship of mutual [redacted] auditors, [redacted] joint objective [redacted] arriving [redacted] of [redacted]

In others, [redacted] degree [redacted] tension. [redacted] to emphasise [redacted] their [redacted] the [redacted] moderate [redacted] tendency and to ensure [redacted] more [redacted] picture [redacted] presented.

It is sometimes forgotten that it is [redacted] duty of the directors to present a proper [redacted] of [redacted] business, [redacted] shareholders. Equally, auditors have [redacted] from [redacted] task. [redacted] of an increasing body of stan[redacted] provided [redacted] crutch [redacted] lazy minds.

There arises a perception that as long as you comply with [redacted] standards, [redacted] be "right" and, more dangerously, [redacted] rule against a treatment, [redacted] be acceptable. [redacted] apart from [redacted] are by no [redacted] a comprehensive [redacted] principles, [redacted] judgment. [redacted] attempts by [redacted] to produce [redacted] comprehen[redacted] will simply [redacted] fall [redacted] trap.

In [redacted] days [redacted] accounting standards, [redacted] "true [redacted] fair" view [redacted] paramount [redacted] weighed heavily in auditors' [redacted] then, [redacted] in compliance, [redacted] checklist [redacted] completed, [redacted] an [redacted] judgments are presented. [redacted] is totally wrong: [redacted] independent [redacted] financial reports [redacted] operation [redacted] our [redacted] system.

I see FRS [redacted] as [redacted] watershed. It is not the fault of the Accounting [redacted] Board. Indeed, [redacted] Tweedie, its chairman, is on record as saying that the standard was only as long as it has turned out to be because of pressure from the accounting firms. This pressure simply represents the demand from audit partners for rules which they can turn to when [redacted]fronted with [redacted] difficult situation.

We can either move further towards a US system, where fair presentation simply means that accounts comply with the rules, or we can try to revitalise the process of financial reporting so that judgment has a greater role to play and the myriad facets of a business are synthesised into something more than the sum of a cook book's parts. We, as auditors, have to convince the financial community that we have the qualities to exercise the judgments required, in a proper, timely and consistent way.

I am not looking to reverse the clock. Business life evolves continually, and accounting must do so too. Today's complexities [redacted] unthought of 20 years ago. But I would much rather my intelligence was taxed and I was able to make a positive contribution to financial reporting, than my role should be reduced simply to checking that all the rules have been observed – and to hell with the result.

Can this be accomplished? The precedents are not encouraging. If we are to achieve the necessary change in attitude and approach, directors must remember their reporting responsibilities as stewards, rather than as management, and auditors must be worthy of the respect their responsibility entails.

[redacted] auditing profession [redacted] already moved [redacted] considerable [redacted] towards [redacted] objective. As [redacted] profession [redacted] have made mistakes in the past, but [redacted] accounting firms [redacted] putting their [redacted] in order. I sense [redacted] new aware[redacted] importance [redacted] auditing even [redacted] potential [redacted] of new jobs [redacted] top [redacted]

In my firm as in others, senior part[redacted] review [redacted] and [redacted] judgment [redacted] tolerated. [redacted] need to [redacted] on our philosophy [redacted] encour[redacted] robustness [redacted] opinion, [redacted] on [redacted] consideration [redacted] and [redacted] truculence.

Externally, the workings [redacted] the Financial Reporting Review [redacted] have [redacted] least made people [redacted] for thought, although I [redacted] that [redacted] panel's remit [redacted] phrased, [redacted] approach [redacted] adopts, [redacted]

I [redacted] by [redacted] certain [redacted] change can [redacted] accomplished. I am [redacted] more [redacted] collectively, [redacted] attempt to change [redacted] now, [redacted] juggernaut will gather even more momentum and we will never be able to get off the path that we are presently following towards a cook book of rules, and ultimately more interventionist regulators as we have seen elsewhere.

It is up to auditors, directors and regulators to decide if they are up to making the necessary effort of will. My opposite numbers in the accounting firms, the 100 Group of finance directors and the ASB, will all have a central role to play. If we fail, we will be all the poorer as a result.

The author is head of audit and accounting at KPMG Peat Marwick

APPOINTMENTS ADVERTISING

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.

For information on advertising in this section please call Gareth Jones on 071 873 3779 Andrew Skarzynski [illegible] 071 873 4054

هكذا من الاصل

Finance Director

London **[redacted] £50,000 + Bonus + Car**

Our client is [redacted] rapidly expanding $50 million turnover, highly profitable European division of a [redacted] US corporation which develops, manufactures [redacted] markets premium branded consumer products in the cosmetics, toiletries and fragrances sector. An ongoing commitment [redacted] innovation and quality has established the business' global leadership in a highly competitive marker.

The Finance Director will be responsible for all [redacted] of financial management, systems development, planning, international treasury, taxation and the maintenance of an effective interface with the US parent company. Particular emphasis will be given to strict control of working capital especially concerning cash flow, standard costing and inventory issues. As a member of the senior management [redacted] the overriding requirement is to provide a commercial and strategic contribution to the long term, profitable growth of the business.

Candidates, aged 32-45, will be graduate, qualified accountants with [redacted] proven record of senior management experience gained in an FMCG, manufacturing environment. Excellent communication skills, strong computer literacy and a flexible approach [redacted] business management will be essential. This [redacted] a young, dynamic company requiring total commitment and action rather than delegation.

Applicants should forward a comprehensive CV by the closing date 21st April, 1994, quoting ref 185623, to **Mark Hurley ACMA, Executive Division, Michael Page Finance, 39-41 Parker Street, London [redacted] 5LH.**

Michael Page Finance
Specialists in Financial Recruitment
[redacted] Windsor [redacted] Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow [redacted]

Finance Manager

West End **£35,000**

Our client is a family run investment management company providing innovative investment management strategies and advice.

Due [redacted] growth in the portfolio the company is creating a [redacted] position, Finance Manager, to proactively run the treasury management function.

Responsibilities include:

- Overview and report [redacted] performance of fund managers.
- Optimise worldwide cash management.
- Maintain global hedging.
- Maintain and develop external relationships to maximise investment performance.
- Continuously review performance to produce innovative strategies for future growth.
- All aspects of IMRO financial compliance.

The ideal candidate will be [redacted] chartered accountant aged 27-35, with a strong understanding of treasury products. As [redacted] self starter the individual will also demonstrate excellent communication skills and [redacted] proactive attitude [redacted] this key appointment.

Interested applicants should forward their details to **Jonathan Williams [redacted] Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.**

Michael Page Finance
Specialists in Financial Recruitment
[redacted] Windsor [redacted] Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow [redacted]

Ambitious ACA – Money Markets

City **£ Excellent Package**

Our client [redacted] prestigious UK merchant bank providing merchant banking and [redacted] services to clients worldwide.

Due to internal reorganisation, there is now a need to recruit [redacted] qualified ACA to join [redacted] of the divisions within the financial control department. The role will involve managing a small [redacted] responsible for the product accounting support for all currency and interest [redacted] products, including derivatives.

Main responsibilities include:

- Management of [redacted]
- Liaison with dealers and [redacted]
- Dealing with day-to-day accounting [redacted]
- Daily profit reporting and monthly management accounts
- Assessing systems, reporting control and valuation implications of new products.

The [redacted] requirement for [redacted] role will [redacted] qualified ACA with [redacted] 18 months relevant [redacted] qualification experience, but there [redacted] scope to [redacted] senior individual. It [redacted] likely that the candidate will have gained relevant experience from either [redacted] merchant/ investment banking product accounting environment, [redacted] alternatively from the corporate treasury department of [redacted] major PLC. However, those candidates who have gained appropriate experience within the profession will [redacted] considered.

Most importantly, the ideal candidate must be an intelligent and flexible individual with good interpersonal skills who can demonstrate the maturity [redacted] take on staff management responsibilities, [redacted] well [redacted] liaison with [redacted] levels of [redacted]

For the right individual, this role will offer both variety and [redacted] unrivalled career progression. Remuneration will be flexible depending [redacted] level of experience, but will [redacted] all [redacted] banking [redacted] Interested applicants should [redacted] their curriculum [redacted] to Stephanie Warren at Michael Page Finance, Page House, 39-41 [redacted] Street, [redacted] WC2B [redacted]

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Finance Manager

Surrey **c £32,000 + Car + Benefits**

Our client [redacted] a leading multi-national corporation involved in the manufacture of medical products and technology. A dynamic business that builds on [redacted] record of many years of exceptional growth, with sites throughout the world, the company operates from a position of considerable strength.

The UK company, with a [redacted] of £25 million supplying the UK and [redacted] markets, has [redacted] opportunity for [redacted] Finance Manager [redacted] join the operation. Reporting [redacted] the UK Finance Director, responsibilities include:

- Financial control of the operations, profitability and assets of the company.
- Providing timely and accurate management and cost accounting information.
- Effective monitoring of the business and providing proactive financial and commercial advice.
- Systems development.
- Managing, motivating and developing a team of staff.

The successful candidate, aged between 28-36, will be a qualified [redacted] of high calibre with sound commercial accounting experience. Previous exposure in a manufacturing environment, coupled with man-management skills [redacted] essential.

Successful applicants must be ambitious, demonstrate an enthusiastic and outgoing personality, and the desire [redacted] broaden their responsibilities into non-financial areas. Excellent career opportunities [redacted] for the right candidate.

Candidates interested in this challenging opportunity should apply immediately by sending a full curriculum vitae to **Angela Webb** at Michael Page Finance, [redacted] House, 1 [redacted], Eton, [redacted] 6BW. Tel: [redacted]

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

10 Years of Innovation
DDI
DEVELOPMENT [redacted]
INTERNATIONAL

European Financial Controller

Bucks **[redacted] £35,000 + Car**

Development Dimensions International is a human resource training consultancy with their European Headquarters in High Wycombe. [redacted] 700 employees worldwide, they are [redacted] only human resource provider to fully integrate services to build empowered organis[redacted] Applying the highest professional standards to their products and people has enabled them to achieve worldwide [redacted] and market leadership.

This position represents a rare opportunity for an ambitious accountant and requires an individual who is determined, innovative, possesses excellent motivational skills and the ability to influence others through the provision of sound and practical commercial advice.

Reporting to the European Vice President, responsibilities will include:

- Provision of first class day to day commercial and financial control.
- Proactive management of the financial reporting process.
- Membership of the management team responsible for the strategic development in Europe.
- Developing [redacted] organisation's management and control information.
- Interacting with both local and overseas colleagues in a mature and effective manner, building rapport and respect.
- Managing [redacted] company's administrative and personnel [redacted]
- Extensive liaison with their [redacted]

The successful candidate will be a computer [redacted] qualified accountant with at [redacted] four years PQE who can demonstrate excellent interpersonal skills, commercial awareness and the ability to manage people effectively. You will possess the ability to succeed in an informal but professional environment and the ability to work collaboratively in a dedicated team. Knowledge [redacted] accounting standards and reporting requirements [redacted] be a distinct advantage.

Interested applicants should write, enclosing a comprehensive curriculum vitae to Frances McCutcheon at Michael Page Finance, 1 Brocas Street, Eton, Berkshire SL4 6BW. Telephone 0753 [redacted]

Michael Page Finance
Specialists in Financial Recruitment

ASSISTANT GROUP TREASURER

An Opportunity for [redacted] Young Professional

Edinburgh **c.£30,000**

Christian Salvesen PLC's diverse range of companies have a combined turnover in [redacted] of £500 million. Our geographic spread [redacted] the [redacted] and Europe, North America, Australasia, the Far East and [redacted] with [redacted] including Distribution, [redacted] Processing, Specialist Hire and Manufacture. This diversity involves working in a wide range of currencies and fiscal [redacted]

Reporting [redacted] the Group Treasurer, this challenging role will involve you in cash management, integrating forecasts [redacted] optimising cashflows, implementation [redacted] central borrowing strategies and foreign exchange exposure management [redacted] dealing. You will [redacted] provide treasury advice [redacted] operating companies and become involved in ad-hoc treasury related projects.

[redacted] graduate [redacted] a qualified accountant you will ideally [redacted] member of the Association of Corporate Treasurers or [redacted] working [redacted] membership. Your [redacted] years Treasury experience will probably have been gained in [redacted] industrial environment where you will [redacted] developed commercial [redacted] together with the ability [redacted] rapidly prioritise the day to day requirements of the role. Well-honed communication [redacted] essential as you will be in regular [redacted] with Senior Operations Managers, Foreign Exchange Dealers and Banks.

Salary [redacted] negotiable around the £30,000 level and [redacted] include private healthcare, pension [redacted] life [redacted] schemes together with relocation assistance [redacted] the Edinburgh [redacted] which offers reasonably priced housing, capital city social [redacted] good quality schooling.

To apply, please send [redacted] full [redacted] to:
Louise Clarkson,
Recruitment and Development [redacted]
Christian Salvesen PLC,
50 East [redacted] Avenue,
Edinburgh EH4 1EQ.

Christian Salvesen
Success through Service.

FINANCE DIRECTOR – PLC

High Profile Finance and Administration

Central England **Package to £50k**

This appointment provides an exceptional opportunity for an ambitious and versatile manufacturing finance professional [redacted] join a small, highly focused plc board.

World renowned in its market, this engineering business has successfully met the challenges of deep recession. It now [redacted] the equally demanding financial management task of profitable and soundly financed market-driven worldwide growth.

You will report to the Managing Director. Your prime tasks will be the provision of tight financial control and the rigorous evaluation of both strategic and tactical options. In [redacted] areas you will personally underpin confidence among key institutions. Additionally, the Secretarial and Treasury functions are within the remit, as is membership of the Pension Fund Board of Trustees.

An FCA with an operational perspective, you will have vision and expertise [redacted] fully capitalise [redacted] recent IT investment. You must also have [redacted] robustness and confidence to add value to a team already noted for its management skills.

Your experience must include direct involvement in all the key areas described above. It is therefore probable that you already have 3–5 years experience [redacted] F.D. [redacted] Controller level in an industrial plc. A second European language would be valued.

The package, [redacted] indicated, includes executive [redacted] pension, life assurance, share options and full relocation support if necessary.

Please send your career details, current salary and an explanation of how your career to date provides evidence of your ability to meet [redacted] demanding specification [redacted] I R Day, Barnes Kavelle Limited, Cavendish House, Queen Street, Mirfield, West Yorkshire WF14 [redacted] quoting reference: 7022.

RECRUITING BARNES KAVELLE EXCELLENCE

Finanz Direktor

Multi Nationale Firma in England sucht einen qualifizierten Britischen finanz Direktor fuer [redacted] norddeutschen Raum. Alter 30-40, mit Universitaetsgrad und moeglichst Diplom Betriebswirt. Gute Verdienstmoeglichkieten. **Phone +44 (0) 492 546 835.**

APPOINTMENTS WANTED

FINANCE DIRECTOR/CEO

- Seeks position managing expansion of international group
- Chartered Accountant FCA with significant European management experience in service sector
- Hands-on track record
- Leadership,M&A and negotiating skills
- Excellent French, Spanish, German

Write to Box A2003, Financial Times, One Southwark Bridge, London SE1 9HL.

GROUP FINANCIAL CONTROLLER

Manufacturing

London/West Country **c£40,000 package**

Running the finance function of a medium sized family led, multi-location group of companies with highly complex manufacturing operations, demands outstanding MIS skills. Add the fact that a dominant position is held within their specialised (consumer) markets, and that the industry is in a state of flux.

Furthermore, the company is well established and profitable and, following [redacted] acquisition, is conducting a fundamental review of how to achieve [redacted] vision for the future and the systems required [redacted] secure those ambitions. The result is a particularly demanding, difficult, but stimulating appointment requiring time in both London and The West Country.

In addition to being professionally qualified, systems/computer literate, aged 35 plus with an impressive, [redacted] track record in a manufacturing company, your abilities [redacted] produce short term solutions to problems in advance of long term analysis [redacted] opportunities are of paramount importance. Strong interpersonal skills are vital.

Kidsons Impey
Search & Selection Limited
29 Pall Mall, London SW1Y 5LP
Telephone: 071-321 0336
Fax: 071-976 1116
UK, France, Germany, Italy, Austria, Hungary, Poland, Belgium, Switzerland, Czech Republic and Slovakia

KIDSONS IMPEY
Search & Selection Limited

[redacted] write in confidence to convince [redacted] Willingham to meet you. Enclose your CV including a daytime telephone number quoting reference 745.

هكذا من الاصل

صكنا من الاصل

هكذا من الاصل

FINANCIAL TIMES SURVEY

TURKEY

■ Ankara and the Middle East: caught between a rock and a hard place Page 4

Friday April 15 1994

At a watershed in its relations with Europe, the secular republic has been shaken by the election success of an Islam-based party. Turkey is suffering an economic crisis, and the economic promised land is not yet in sight. John Murray Brown reports

Government offices in Antalya display the portrait of Ataturk and a slogan reading "Ne mutlu Türküm diyene" - "Happy is he who can say I'm a Turk"

Richard Waymen

IN THIS SURVEY

Europe links questioned

T[illegible] words – "Turkey in Europe" – create *surprising convulsions* [illegible] academics whenever they come together [illegible] subject. *For* [illegible] may feel themselves [illegible] European, but in terms of geography *if nothing else*, Turkey is also an Asian, Middle Eastern, Levantine even a Balkan country.

Today some inhabitants are beginning to question their claims to be European as the country grapples with its worst economic crisis in a decade, a growing Kurdish rebellion and the fall-out from the electoral challenge to Turkey's political mainstream of last month's *dramatic gains by the Islamic-based* Refah party (RP).

Ask a Turk today where he comes from, and his answer is as likely to be Bosnia or Azerbaijan as Istambul or Ankara. And this is not a reflection of Turkey's mounting refugee intake. "There are Kurds and non-Kurds" is how one Turkish diplomat described his country's ethnic breakdown – and only half in jest.

The confusion over identity is certainly sharpened by the unhappy experience of the Turkish workers in Germany who have been the subject of extremist attacks. Seeing itself as both European and Moslem, Turkey is also outraged by the west's indifference to the suffering of Bosnia, where Turks have links of both history and *kinship*.

However, the [illegible] challenge [illegible] closer [illegible] home. The [illegible] cocktail [illegible] Islamic threat [illegible] shaking [illegible] foundations of [illegible] secular republic carved from the ruins of the Ottoman Empire.

Turkey has come a long way from the dark days of the military coup in 1980. Some Turks may even feel they are in sight of the economic promised land. However, recent events have dented that self-confidence. If the mounting economic and *political problems* are left untackled, there is a real danger that these could deepen the *sense of self-doubt and* give sustenance to Islamic and nationalist forces, putting in peril the whole *pro-western* thrust of Turkish policy.

Such a prospect is deeply worrying for the west, since Turkey is an important ally and an increasingly big commercial partner. However, it is no longer enough just to be in the right place at the right time. The end of the cold war has changed *strategic* priorities. The US is reviewing its role as it downgrades its military presence across Europe as agreed at last year's Nato summit.

Turkey's relations [illegible] Europe are also at a critical turning point. Ankara is due to [illegible] a [illegible] union [illegible] European Union [illegible] year. However, [illegible] now [illegible] whether [illegible] will be met given [illegible] economic turmoil.

Turkey applied [illegible] membership in [illegible] and was politely rejected [illegible] later. *But today* [illegible] realistic prospect of early accession. Indeed, Turkey [illegible] not [illegible] in [illegible] rent round [illegible] enlargement talks, a point which makes it [illegible] the [illegible] important that Turkey [illegible] up [illegible] its customs union [illegible].

Diplomats also point out that with the accession of Nordic and Scandinavian countries, the European Union is likely to *become more, not less, sensitive* to the issues of human rights, an area where Turkey *has made too little progress*. In February, Turkey's friends in the west looked on in amaze[illegible] parliament lifted the immunities [illegible] six [illegible] from the radical Kurdish party, five of whom *could now face the* death penalty for publicly espousing the [illegible] *provided a sharp* reminder of the draconian military laws limiting freedom of speech *which are still in place* in a country seeking full EU membership.

Turkey certainly [illegible] little room for [illegible]. In Mrs Tansu Çiller, the country has a youthful and energetic prime minister. However, her political inexperience has been [illegible] exposed by the ongoing crisis.

The prime minister's [illegible]sion [illegible] adopt a hard [illegible] towards the Kurds may have a *certain logic*, [illegible] *a more* moderate policy might unleash the growing nationalist fervour. *But Turkey's refusal to* countenance any kind of reform is jeopardising its foreign policy prestige at a time when its ability to influence regional events is greater than ever. *With 4,000 civilians*, soldiers and guerrillas killed last year in a war costing Turkey an *estimated $7bn* a year, the present bloody *stalemate* cannot be sustained.

On the economy, many blame Mrs Çiller's policies for precipitating [illegible] collapse [illegible] the [illegible] her [illegible] announce the austerity package unveiled earlier this month. Mrs Çiller still has to steer through a raft of legislation [illegible] privatisation [illegible] changes to underpin the programme. She [illegible] has to accommodate an increasingly vociferous union movement which feels under threat from the package. A period of social unrest seems inevitable if the measures are to be adopted in full.

In some important respects, [illegible] Turkish economy [illegible] already diverging from [illegible]pean norms. Inflation is more than 70 per cent, and will probably [illegible] more [illegible] 100 [illegible] the [illegible] price [illegible]. The public sector borrowing requirement is [illegible] running [illegible] 16 [illegible].

[illegible] republic – [illegible] private sector – can go [illegible] debt [illegible] in [illegible] current uncertainty. Turkey's [illegible] rating [illegible] downgraded twice [illegible] by [illegible] Moody's and Standard [illegible] Poor's. The day [illegible] foreign correspondent banks cut off lines of credit is fast approaching.

With basic commodities such as tea and sugar, as well [illegible] petrol and household gas prices rising by up to 100 per cent as part of the package, the Turkish public will soon begin to [illegible] pinch. [illegible] the Zonguldak coalworks and the Karabuk steel mills – state companies earmarked for possible closures – are both poised for industrial action to protest against the austerity package.

But the view from Brussels [illegible] *Turkey's private* [illegible] ride out [illegible] storm, although [illegible] labour being [illegible] *down and production* flat, if [illegible] declining, it will certainly [illegible] difficult [illegible] make [illegible] investments required [illegible] technologies so [illegible] compete with European imports.

For [illegible] politicians, the danger [illegible] that [illegible] private [illegible] companies will [illegible] reprieve [illegible] the deadline, [illegible] commission [illegible] warn [illegible] the whole process.

The government's own task is to see if it can staunch the huge [illegible] suffered by the public sector, without which much [illegible] real benefits of [illegible] customs union will [illegible] dissipated.

A [illegible] implementation [illegible] vital [illegible] international [illegible] Turkey's economy, [illegible] Mrs Ciller's [illegible]ship. It [illegible] also [illegible] the economic problems [illegible] deepen, thus playing [illegible] hands [illegible] Refah, who have successfully projected them[illegible] as patrons of the dispos[illegible].

For the local election result on March 27 underscores a stark demographic fact. In Istanbul and, equally dramatically, in Ankara, the RP came to power backed by the "sans culottes" [illegible] Turkey's newly-spawned big city slums – much [illegible] same [illegible] voters [illegible] *the* [illegible] in [illegible].

"It's no longer a financial crisis. It's no longer an economic crisis. It's a political crisis," was how one Istanbul banker put it.

The Turks are a long-suffering lot. Faced with such a maelstrom, many less resilient and less phlegmatic societies would probably have cracked under the strain. Yet for Turkey to survive the crisis, the government must grasp the nettle of reform.

The economy faces a tough year ahead, reports **John Murray Brown**

Austerity deal poses test for Çiller

The bubble seems finally to have burst. After [redacted] months with [redacted] currency all [redacted] Turkey's conservative-led coalition [redacted] been [redacted] to batten down the hatches and administer [redacted] major stabilisation programme which, if implemented in full, would [redacted] the most comprehensive restructuring since the now infamous January 24 [redacted] of 1980.

With the lira still reeling despite overnight rates at one point as high as 1,000 [redacted] cent, the government abandoned its attempts to prop up the currency and faced up [redacted] the inevitable.

The jury is probably still out on the merits [redacted] the austerity package unveiled on April 5 by Mrs Tansu Çiller, the prime minister, but [redacted] little [redacted] that [redacted] is going to be a tough year for [redacted] nation which has long been accustomed [redacted] buoyant growth rates.

The political constraints will [redacted] considerable. Mrs Çiller's junior coalition partners, the [redacted] Democratic Populists, although endorsing [redacted] package publicly, are known to be unhappy about certain of its [redacted] – particularly as regards privatisation. The main opposition [redacted] party, ANP, [redacted] initially prove truculent, although [redacted] diplomats point [redacted] Mr Mesut Yilmaz, the Anap leader, could [redacted] some credit for supporting the [redacted] if it succeeds, while distancing himself sufficiently [redacted] a cropper.

The package comprises [redacted] parts – [redacted] measures such as price increases on government-controlled commodities, an investment freeze and one-off tax charges on the rich, and the longer-term structural measures [redacted] privatisation and [redacted] reform [redacted] the [redacted] farm support system. [redacted] Çiller has [redacted] the first time introduced [redacted] explicit [redacted], which in [redacted] three months envisages a TL38,000bn reduction in the budget deficit through cost savings and increased revenues.

In parallel with the fiscal programme, the central bank [redacted] to [redacted] a [redacted] monetary programme. These measures are underpinned by moves to strengthen the bank, increasing its autonomy and reducing the extent to which it has to fund the budget.

The only way to make large cuts in public expenditures is through cuts in capital investment

How Mrs Çiller meets [redacted] targets remains to be seen. In the short term the only way to make large cuts in public expenditures – barring a wages freeze on which the prime minister remains a [redacted] vague – is through cuts in capital [redacted]ment in projects. In addition, [redacted] substantial [redacted] of legislation, affecting [redacted] state enterprises and the [redacted] changes, together with the changes in the central bank law, has still to be passed by parliament.

Mrs Çiller [redacted] growth rate will not be imperilled by the harsh stabilisation measures. "The economy will not stop," she said on state television when unveiling the package. Most economists beg to differ.

The recession is already taking effect. Even before the announcement of the large increases in petrol prices as part of the package, Turkey's car production ground to a near-standstill. Consumer demand is set to dry up as spending power is eroded by the rapid devaluation. This may take some heat out of the inflation rate, which is expected to rise sharply over the next three months as the impact of the [redacted] felt.

This will inevitably have a [redacted] living standards, particularly for manual employees. The recession could be very painful for cyclical industries such as cement and construction services, says Mr Emre Yigit, head of research at Global Securities. The banking sector has been devastated by the collapse of the lira, with many banks caught holding lira assets in form of lending to Turkish companies while most of their liabilities are in foreign currency.

The "dollarisation" of the Turkish economy has been one of the more alarming developments of recent years. Today half of the total deposit base is in foreign currency. In a recent, much-reported case, a woman seeking a divorce from her husband insisted in court that the settlement should be in dollars. Civil servants rush to the banks and foreign exchange shops to unload their lira.

Public desire for dollars reflects a deeper concern about economic management and the condition of public finances. Mrs Çiller has still to demonstrate that she can rectify the situation.

Pressure has been building for some time. In 1993, the economy was already showing signs of overheating – in the second quarter the economy grew by 12 per cent. The growth was fuelled by the rise in imports financed by increased foreign borrowing, much of it short-term by Turkish commercial banks. The result was a record high trade account deficit reaching $14bn by the end of 1993.

The need to finance the current account is one explanation for the sudden jump in Turkey's foreign indebtedness in 1993. Total debt reached $65bn by the end of the year after a spate of bond issues as the Treasury sought to avoid borrowing from the domestic markets, where high interest costs represented an increasing burden on the budget. The availability of foreign credits also allowed the Treasury to restructure its domestic debt by lengthening the maturities.

For the commercial banks, there was also a large increase in short-term foreign funding. Given the differential between domestic interest rates and inflation, Turkish banks have long been used to funding their loan book through offshore borrowing.

The demand for dollars is also trade-driven, [redacted] Turkish exporters [redacted] market share. The situation was sustainable as long as there remained confidence in the lira. However as soon as that collapsed, more and more people wanted to hold their savings in dollars.

The banks were left in a vicious circle, having to find assets to match the increase in dollar liabilities. With banks allowed only to lend limited amounts to [redacted] list of registered trade companies, they were left with few options but to lend the deposits [redacted] lira loans. The resultant erosion of these assets merely forced banks to raise domestic bank rates to compensate.

With the currency continuing to suffer the jitters, it is clear that Mrs Çiller must move swiftly to convince the markets. Turkey's foreign debt has been downgraded by both Moody's and Standard & Poor's twice since the start of the year. The government's freedom to borrow will almost certainly be more constrained.

The government's freedom to borrow will almost certainly be more constrained

The international bond market for less developed countries such as Turkey has already become more difficult after what appears to have been the turnaround in US rates. Turkey was forced to "pull" a $750m global bond in March. Plans to float bonds in the state telephone monopoly, convertible into shares in the underlying company assets, will in all probability suffer the same fate.

The global bond was meant to set a benchmark for the PTT issue, although many bankers expressed scepticism about whether the deal could work given the fact that the PTT's privatisation remains blocked by the courts.

Evidence of the mounting liquidity crisis was there for everyone to see throughout 1993 with the government rescheduling payments to contractors, and with the Treasury's public finance department living hand to mouth to meet the next civil servants' salary payout or interest payments on the country's foreign debt.

A telling sign of the impending difficulties came on March 21 when the Public Participation Administration (PPA), the state agency in charge of privatisation, came close to defaulting on some $400m worth of revenue-sharing certificates, after the Treasury refused to extend the amounts to the PPA. As a result, the agency had to go to interbank markets for $200m.

The certificates are two-year bonds issued by the PPA in lieu of payments to road contractors. The bonds were denominated in lira but indexed to foreign exchange. It remains a moot point whether the bonds are considered a foreign or a domestic liability, but [redacted] momentary panic among the banks holding the [redacted] was an early warning of the problems to come.

Against this background, the local elections were like a self-imposed deadline with the government wary of introducing radical measures before the polls, while making it clear to its foreign audience that it intended to move swiftly once the result was in.

The government's credibility is clearly on the line. It is now left to the prime minister and her new Treasury undersecretary, Mr Osman Birsen, to prove that this time they mean business.

Election setbacks for the main parties may lead to political realignment

A shock for the secularists

Last month's municipal elections may well prove [redacted] *have been* [redacted] *watershed* in [redacted] politics.

The [redacted] victory of the Islamic-based [redacted] party (RP), both in Istanbul, [redacted] largest city and in Ankara, the capital, has shattered the [redacted] complacency [redacted] the [redacted] The continuing collapse of [redacted] leftwing vote, with the three centre-left parties together polling [redacted] more than 25 [redacted] cent, [redacted] further underlined [redacted] point.

What [redacted] also alarming [redacted] Turkey's [redacted] was the growing popularity [redacted] neo-fascist [redacted] party (MHP) which polled [redacted] per cent, more than trebled [redacted] 1989 [redacted] took control in several municipalities in [redacted] Turkey.

Mrs Tansu Çiller's True Path (DYP)party [redacted] election by a slither from [redacted] rightwing rival, [redacted] Motherland party [redacted] Mesut Yilmaz. But [redacted] Islamic [redacted] the stir. With just [redacted] in [redacted] prism, a [redacted] shadow [redacted] been cast [redacted] Turkey's political scene.

Some [redacted] putting [redacted] on developments. [redacted] they say, will act [redacted] catalyst [redacted] long-overdue realignment of Turkey's [redacted] political [redacted] – [redacted] both right and left. A more alarming analysis is that [redacted] marks Islam's political coming of [redacted], an event which [redacted] change the whole [redacted] Turkey's pro-western democratic development.

The [redacted] control [redacted] 28 [redacted] the country's [redacted] city councils, prompting Mr Nemettin Erbakan, its leader, to boast that 66 per [redacted] of the population will now [redacted] under his party's administration.

The party's performance, doubling [redacted] local *polls in* [redacted] *is likely* [redacted] *have* a considerable fall-out. Mainstream [redacted] forced [redacted] reappraise [redacted] *strategies.*

The army, [redacted] self-appointed guardian [redacted] Turkey's [redacted] pro-western identity, will [redacted] watching [redacted] particularly [redacted] interest. Turkey's [redacted] allies will be asking if the country [redacted] going the [redacted] of Algeria, where Islamic [redacted] poised [redacted] power by [redacted] ballot box until the [redacted] intervened to suspend the elections and [redacted] activists.

Could [redacted] take power by the [redacted] unless [redacted] army steps in?

From Turkey's [redacted] parties, a variety of responses [redacted] possible. Firstly, [redacted] splintering of traditional voting patterns [redacted] revive [redacted] debate [redacted] the need for [redacted] reform, to [redacted] Islamic challenge.

[redacted] all, [redacted] will point out, [redacted] RP only polled 18 per cent of the national vote, coming third, yet took [redacted] of more city councils [redacted] both the DYP and [redacted] put together. This fact alone [redacted] force [redacted] right wing to reconsider [redacted] logic [redacted].

Electoral reform would, of [redacted] require [redacted] two-thirds majority in the 450-member parliament. Judging from the lack [redacted] on [redacted] legislative [redacted] to date, this may be hard to [redacted].

One option is to introduce [redacted] system, modelled [redacted] the French system. The Turks have already [redacted] endlessly [redacted] current [redacted] recently in 1991, [redacted] Anap [redacted]ernment introduced changes in [redacted] discourage fringe [redacted] regional parties. To look [redacted] line-up for [redacted] local polls, [redacted] safety mechanism would appear [redacted] come undone.

[redacted] proliferation [redacted] parties [redacted] bewildering. In all, [redacted] Turkish [redacted] 12 parties, encompassing centre, right [redacted] left, [redacted] democrat, [redacted] neo-fascists, [redacted] Islamic [redacted]. The [redacted] Kurdish [redacted] Democracy Party, DEP. Its withdrawal from [redacted] election was [redacted] some part responsible for RP's [redacted] showing in the Kurdish-speaking south-east.

In Turkey [redacted] distinctions often appear highly artificial, [redacted] frequently [redacted] to [redacted] with personality than policy, [redacted] which is particularly true of DYP. For more than three [redacted] the DYP and [redacted] former [redacted] the Justice Party, has been in the gift [redacted] one man, Suleyman Demirel.

It was Mr Demirel's bitter rivalry with his one-time economics adviser, Turgut Ozal, the former president and Anap founder, which kept the par[redacted] apart. With Mr Demirel's [redacted] to [redacted] presidency [redacted] June and Mrs Tansu Çiller's [redacted] DYP leader, many [redacted] wondering whether the way is now open for a merger on the right.

[redacted] election will have created even more urgency. The RP has stolen votes from DYP and Anap, both of which once represented a broad church, a fusion [redacted] make up the rightwing vote in Turkey from Islamic conserva[redacted] *laissez-faire* [redacted] progressives.

Another possibility is that both conservative parties will ignore the logic of creating a merger [redacted] merely move to the [redacted] a bid to accommodate the Islamic vote [redacted] undercut the RP.

The prospect of a merger of left-of-centre parties seems more distant. All the parties – the SHP, the Republican People's party (CHP), and the [redacted] party (DSP) [redacted] former prime [redacted] – [redacted] by Turkey's founder, Mustafa Kemal Ataturk, [redacted] caliphate.

The SHP, with more to [redacted] after its sweeping win in 1989, [redacted] a particularly severe drubbing, losing Izmir and Adana, in [redacted] Istanbul and Ankara. The DSP polled just 8 per [redacted] nationally while the CHP managed only 4 per cent.

Whatever happens, [redacted] long-term survival of the current coalition must [redacted] in doubt. At a personal level, Mrs Çiller, [redacted] DYP prime minister, [redacted] little in common with Mr Murat Karayalcin, [redacted] leader of the secularist SHP.

[redacted] have outlasted its usefulness. For one thing, the alliance had nothing to do with the current [redacted] of [redacted] respective [redacted]ties. It was largely [redacted] cre[redacted] of Mr [redacted] Prof Erdal Inonu, the former deputy prime minister who stepped down as head of SHP in November, paving the way for Mr Karayalcin's election.

Divisions [redacted] policy – whether it is the Kurds, the economy, or the place of Islam in society – have strained an already [redacted]. Ironically, the one issue where the SHP stood its ground was over the draft for the new anti-terror draft law. In this case, negotiations broke down [redacted] DYP's refusal to include crimes against the secular nature of the state as treasonable. Both parties were in agreement over the hardline remedy for separatist offences.

The divisions are certain to widen. Mrs Çiller has already issued what amounted to an open invitation to Mr Yilmaz to start merger talks. However the immediate question is how will Mrs Çiller accommodate the Anap leader. More than most of the mainstream party leaders, the clever but humourless Mr Yilmaz has been badly wounded by the election results. But given the state of the economy, he may [redacted] reluctant [redacted] join forces, [redacted] the same brush as Mrs Çiller.

Istanbul has proved [redacted] graveyard for many parties' reputations

Municipal polls, of course, [redacted] no direct bearing on party strengths in parliament, although according to one expert, the RP vote would [redacted] into around 150 seats in parliament at the next general election. The party currently has 40 MPs.

Much will depend on how well the RP does in managing the affairs of Istanbul, a city which has proved a notorious graveyard for the reputations of many parties – most recently [redacted] outgoing SHP administration.

The central government's ability to make life difficult is not inconsiderable. New cash constraints can be imposed. The near-bankruptcy of many administrations today can be traced to the face that many were forced to borrow, some on international markets, with the result that municipalities are today facing severe ongoing debt service problems.

If RP comes unstuck, Turk[redacted] voters are unlikely to turn [redacted] in their [redacted] at [redacted] general election for a party that cannot put water in Istanbul's taps or keep Ankara's municipal rubbish dumps [redacted] distance from the city centre.

John Murray Brown

Few areas of the world have seen such dramatic change. From the collapse of communism, to the emergence of the new Black Sea states, and now to the historic endgame being played out in the Middle East, there appears to have been in almost permanent state of flux in the region round Turkey.

It is not hard to find Turks today who long to recreate the cold war when the country was a stalwart flank of western defences. Turkey's position at the crossroads of Europe and Asia means it still commands a key importance. However for Turkey, such strategic certainties are a thing of the past. The Moslem world's only Nato member is today groping for a new identity, to build onto and complement the traditional twin pillars of its foreign policy – its security relations with the US and its deepening political and economic ties with its partners in Europe.

The result is that for the first time since the birth of the republic in the 1920s, Turkey is starting to play a decisive, if somewhat reluctant, role in its immediate neighbourhood – in the Balkans, in the conflict in the Caucasus, and not least in north Iraq.

Devising a comprehensive policy framework for such a patchwork of relations presents special problems. Firstly, many of the bordering states were once part of the Ottoman empire and carry with them the natural suspicions of former subjects. In North Iraq, the Kurdish question presents a particular challenge given Turkey's own large and troubled Kurdish minority.

There is also the problem that Turkey, however much it tries to project a regional policy, is all too often seen as siding with its co-religionists. Related to this is the danger that policy is too often driven by the pressures of public opinion. The bloody events in Bosnia-Hercegovina and to a lesser extent in Azerbaijan's conflict with ethnic Armenian forces in Nagorno Karabagh have caused the sort of popular outrage not seen since the intercommunal violence in Cyprus which eventually prompted the Turks to invade in 1974.

Given such a background, western diplomats believe Turkish policy has been both cautious and realistic. There are nonetheless a number of clear policy objectives. With the increasing volatility of regional politics, it is no longer possible to adopt the sort of benign neglect which once characterised Turkey's stance to its neighbours.

With the end of the cold war, and the preoccupations of the Europeans with their own internal wrangling, Turkey needed a new role. Saddam Hussein's invasion of Kuwait seemed to throw up the bit part Turkey wanted. Thrust by geography, into supporting the allied war effort, the Gulf conflict seemed like a defining moment in Turkey's relations with the west. Today a more cynical appraisal is heard as Turks complain of the economic costs and the vital dangers posed by the creation of the Kurdish entity in north Iraq.

Turkey's relations with the former Soviet satellites presented equal difficulties. However, the creation of the Black Sea economic agreement did much to convince these new friends that they [redacted] just exchanging [redacted] form [redacted] another. [redacted] with the Arab world will continue to be tempered by [redacted] grievances and [redacted]gic calculations relating [redacted] Turkey's control of much of the region's water. Yet even here, Turkey has made efforts to forge ties, particularly economic ties, and is actively supporting US efforts to solve the Arab-Israeli conflict.

Kurdish women at work in the cotton fields in south-east Turkey

Caroline Penn

■ FOREIGN POLICY

The region's reluctant activist

More broadly, the real test has been how to match Turkey's security concerns with those of its western allies. As the ongoing disagreement over Bosnia has shown, these interests do not always coincide.

As [redacted] Moslem country, which [redacted] as European, Turkey can hardly stand idly by

In [redacted] Balkans, Turkey's policy goals are particularly complex. [redacted] level, there is the security concern that the crisis [redacted] in [redacted] regional countries – Greece, Albania and perhaps Bulgaria, [redacted] would bring the [redacted] Turkey's borders.

The popular perception [redacted] is part [redacted] a bid [redacted] rid Europe [redacted] populations. [redacted] country, [redacted] itself as European, Turkey can hardly [redacted] idly by. At a popular level the crisis has [redacted] perceived as [redacted] double [redacted] world, [redacted] inevitably fed [redacted] that many Turks [redacted] towards their European "friends".

[redacted] is [redacted] policy framework [redacted] is [redacted] and comprehensive. In late [redacted] Turkey played host [redacted] a [redacted] in Istanbul, [redacted] by [redacted] all the regional countries [redacted] the Yugoslav conflict. By so doing, Turkey [redacted] own claim [redacted] as [redacted] Balkan country. It also implicitly rejected the notion that a solution to [redacted] conflict could be found only through the good [redacted] international [redacted] as the United [redacted] the European Union.

Today the international community [redacted] have inched round to Turkey's long-held view that [redacted] has to [redacted] met with force. However, in [redacted] this is little [redacted] for [redacted]. Too much innocent blood has already [redacted] shed.

For Turkey, the threat of the "spill-over" from the Bosnian war is not simply [redacted] question; it is [redacted] matter [redacted] national [redacted]. [redacted] country's [redacted] failure [redacted] stop the slaughter is all the more acute given that Turkey, as [redacted] Nato member, is nominally a [redacted] that [redacted] inaction.

"The approach [redacted] the EU from the [redacted] how [redacted] Bosnia-Hercegovina into three. [redacted] the EU [redacted] tried [redacted] maintain [redacted] integral Bosnia-Hercegovina. This [redacted] not justice [redacted] Bosnia," says one senior Turkish [redacted].

[redacted] some [redacted] the London [redacted] hosted by [redacted] John Major, Britain's prime minister, [redacted] "mere window dressing". [redacted] equally forthright about the [redacted] peace process. "We are no part of that plan. All it has achieved is to prolong the fighting."

The Turks are bitter for a number of [redacted]. [redacted] a former Ottoman dependency, Turkey feels a moral responsibility to Bosnia. At home, this sense of kinship is heightened by the presence of a 2m strong Bosnak community – Moslem Slavs who settled in Turkey in the early 1890s when the territory was annexed by the forces of the Austro-Hungarian empire.

Moreover, having recognised the independence of Bosnia, the Turks insist that the international community is morally bound to help preserve the integrity of the republic's borders.

Upholding the sanctity of borders is in many ways the guiding principle of Turkish foreign policy, whether in underpinning its arguments in Bosnia or in the Caucasus or in its own refusal to concede the need for a more flexible line on Kurdish demands [redacted] autonomy. However, sticking to [redacted] principle places Turkey in a potentially awkward dilemma, particularly if the conflict spreads to Kosovo, where Turkey would have to decide on the "rights" of the ethnic Albanians who make up 90 per cent of this formerly autonomous Serbian province.

Taking a longer view of the Bosnian crisis, Ankara is all too aware that the tragedy could be taken up by the more Moslem radical states, jeopardising Turkey's influence within the Islamic movement. Mr Hikmet Cetin, Turkey's foreign minister, has frequently [redacted] his [redacted] that the tragedy in [redacted] the [redacted] in the future [redacted] an outbreak [redacted] international terrorism against western interests.

On more than one occasion, Turkey has felt uncomfortably out of step with its allies – the west's refusal to lift the arms embargo [redacted] the Bosnian [redacted] defend themselves being the most clear-cut example.

The long-term danger [redacted] that by increasing Turkey's sense of rejection, it will merely play into the hands of anti-western Islamic interests. The [redacted] perceived double [redacted] towards the tragedy in Bosnia, if not the overriding cause, was definitely a contributing factor behind the dramatic [redacted] made the Moslem-backed Refah party in last month's local elections.

John Murray Brown

هكذا من الاصل

صكا من الاحل

Industry's needs are not being met, writes **Anne Counsell**

Education: must try harder

Academics and education [redacted] Turkey's [redacted] system [redacted] for effort, but lower grades for an inconsistent approach, lack of qualified teaching [redacted] patchy provision of facilities.

Mirroring [redacted] political [redacted] and roundabouts, [redacted] been [redacted] ministers of education in 70 years, each making a mark by overhauling, [redacted], amending [redacted] merely tweaking the [redacted].

Nevertheless, there have been strides in improving [redacted] literacy rate from only 10 per cent 50 [redacted] to [redacted] per cent in [redacted]. There [redacted], however, marked differences between the literacy rates of men and women, the young and the elderly as well as in urban and rural areas.

The development of educational facilities has been constrained by population growth, migration and urbanisation. Widespread birth control slowed the birth rate from 2.49 per cent in the late 1980s to 2.0 per cent in 1990, which is still high in European terms. Thirty-five per cent of the population is under 15 years of age. The age distribution pattern has led to high unemployment rates among young people with nearly 65 per [redacted] the jobless aged between 22 and [redacted] old.

Family [redacted] declining in higher income families, but rural families [redacted] large. The south-east [redacted] highest population growth in the country, [redacted] politically significant as [redacted] people in [redacted] areas are Kurdish.

> There [redacted] double shifts at urban schools while the villages have been emptied of pupils

School building programmes have sometimes lagged behind the rapid urbanisation, leading [redacted] double [redacted] some urban schools while those in the villages have [redacted] emptied of pupils. In the cities population is growing by 4.5 to 6 per cent a [redacted], amounting in [redacted] to 61.3 per [redacted] of the country's total.

Spending on education devoured [redacted] budget in [redacted], second only [redacted] general public services at [redacted] cent, [redacted] than [redacted] at 11.7 [redacted]. The [redacted] of compulsory education between [redacted] of six [redacted] is [redacted] by the state, but [redacted] are expected to contribute [redacted] of [redacted] – so [redacted] in [redacted] need, [redacted] further behind.

Turkey's [redacted] system of primary, middle, general and vocational high schools and universities, [redacted] a declining [redacted] from one [redacted] next. [redacted] being [redacted] provide easy transfer between vocational, [redacted] general secondary [redacted] to tailor [redacted] to developments in industry. "We [redacted] a big [redacted] in the middle," [redacted] Sağlam, president [redacted] Yök, [redacted] Higher Education Council. "There [redacted] enough good engineers, but far [redacted] technicians."

[redacted] ministry [redacted] education concedes [redacted] "it [redacted] possible [redacted] the planned targets [redacted] train the needed manpower". Repeated [redacted] technical [redacted] at the secondary [redacted] by [redacted] Ayaz, [redacted] minister [redacted] education, [redacted] has [redacted] promoting the recognition of "skills" through apprenticeships, industrial placements and [redacted] education.

[redacted] education [redacted] needs [redacted] commerce [redacted] industry has [redacted]. [redacted] year, [redacted] Turkish Maritime Educational Foundation (TDEV) campaigned to [redacted] to improve [redacted] ing. Citing a disparity [redacted] growth [redacted] and education, [redacted] the training bottleneck hampered [redacted] tonnage [redacted] Turkey's [redacted] in [redacted] shipping [redacted].

[redacted] in [redacted] uring private [redacted] government funds for classrooms and facilities while the Merchant Marine Academy, run by the Istanbul Technical University, replaced its four-year course with a 2½-year sandwich course, leading to an expected 200 deck and engine-room officers graduating from the college every year, double the present number.

In higher education, there is stiff competition for university places. Out of 1m applicants, only a third secured a place last year, despite annual intake increases and the creation of new universities. From only 19 universities in 1982, there has been a threefold increase to 57, of which four are private, [redacted] capacity [redacted] from [redacted]. As a result, there is a lack [redacted] qualified lecturers and academic staff and the student to lecturer ratio has grown rapidly.

In stark contrast to the austere, Dickensian state universities, the recently established private universities are bright [redacted] dynamic. [redacted] University, [redacted] private [redacted] in the US, [redacted] epitomised by [redacted] energetic rector, [redacted] Ali Doğramaci. [redacted] rapidly expanding campus, where all [redacted] teaching [redacted] in English, [redacted] through a foundation comprising an [redacted] companies from printing plants [redacted] producers, [redacted] suppliers to [redacted].

[redacted] as a co-ordinating [redacted] policy making body [redacted] develop Turkey's higher [redacted] system. [redacted] umbrella, [redacted] Inter-University Committee is responsible [redacted] improving standards and supervising research, higher degrees and other [redacted]. Members [redacted] council and the committee [redacted] predominantly drawn from academia, [redacted] third of [redacted] 21 [redacted] appointed by [redacted] government.

A classroom at the Ataturk high school in Ankara *Terry Kirk*

There remains [redacted] deep-seated suspicion over the role [redacted] Yök among those who believe it is a hangover from [redacted] military [redacted] of 1980 when right and leftwing activism was rampant at [redacted] universities. But this is countered by [redacted] who [redacted] the education council's [redacted] credentials and [redacted] metamorphosis since its formation.

The universities [redacted] entiously apolitical; neither faculty members nor students [redacted] permitted to be active members of political parties. [redacted] Seyfi, a [redacted] at the technical university in Istanbul [redacted] "We [redacted] to [redacted] technical, [redacted] political."

The universities, however, [redacted] the current debate over Kemalist doctrines, democracy and [redacted] secular nature of the republic. Although [redacted] the [redacted] of [redacted] should [redacted] head-[redacted] on [redacted] remains. Turkey's secular constitution tolerates the expression of religious [redacted] with [redacted] principles of [redacted] Islamic [redacted]. The universities [redacted] when [redacted] insistence on covering her head [redacted] a political [redacted].

John Murray Brown on the army's role in political life

Prestige goes on the line

When Necip Torumtay resigned at the height [redacted] Gulf War [redacted] head [redacted] the Turkish armed forces in 1990, he issued a statement alluding obliquely to a "matter of principle". It was never clear what exactly the principle was. The Turkish press, nonetheless, applauded the general's action.

A comparable incident, of a military chief walking out over a disagreement with an elected government, would be hard to find in most western democracies, except perhaps in France in the 1960s during the army's challenge to President de Gaulle over his Algerian policy.

But Turkey is, of course, a little different. And its army has always enjoyed a special place as the self-appointed guardian of the country's democracy and its secular traditions. However, even here in a society which retains a deep affection for its soldiers, there are signs that things are changing.

The process of transformation goes deeper than a simple internal debate about military strategy to cope with the post-cold war realities. It has an impact on doctrine, on the composition of the army and its equipment, and the role of the army in Turkish society.

For the complex strands that make up modern Turkey, [redacted] the growing Islamic consciousness, or the tension between modernism and tradition, [redacted] certainly have their mirror [redacted] Turkey's [redacted] forces.

Turkey has the second largest army in Nato, after the US. In all, the Turkish armed forces comprise 560,000 troops and the army can call on a further 1m reservists. The budget, agreed by parliament, was around \$5.4bn in 1994, equivalent to 10.5 per cent of the national budget.

> A vetting system prevents the armed forces from being infected by Islamic extremism

There are a number of other sources, including money from the Defence Industry Support Fund and the Foreign Military Sales from the US. In addition, the Armed Forces Pension Fund (Oyak) has assets in a car [redacted] (together with Renault [redacted] France), [redacted] companies and, [redacted] recently, a majority [redacted] in an [redacted] finance bank.

The restructuring of [redacted] armed [redacted] inventory [redacted] two elements – to upgrade the technology and to streamline sources of supplies. In [redacted] with this, the F-16 fighter aircraft [redacted] plant [redacted] outside Ankara is being beefed up. The programme is winning support under the \$4bn Gulf Defence Fund, set up under US sponsorship in the wake of Kuwait's liberation to utilise Saudi and other Arab finance to strengthen Turkey's defence industry.

The [redacted] up [redacted] fire [redacted] Turkey's [redacted] and enhance [redacted] mobility [redacted] subject [redacted] countless Nato [redacted] TV pictures of US smart [redacted] deployed [redacted] shocked [redacted] military top brass, and highlighted [redacted] limitations [redacted] Turkey's [redacted] forces and [redacted] out-of-date [redacted] hand-me-downs.

The technological debate about hardware has given new impetus to those calling for the abandonment of conscription in place of a more professional corps. In Turkey military service has traditionally been a form of remedial education for many of those from poorer homes. It [redacted] inculcated a sense [redacted] patriotism, and imbued generations of young Turks with the tenets of the social and political reforms instituted by Mustafa Kemal Ataturk, the founder of the republic. As Mehmet Ali Birand in his book, "Shirts [redacted] Steel", makes clear, a stint of military service also does wonders for the calorie count of the average Turkish farmboy.

There is, on one level, the tension between the goals of a conscript army and those of a professional corps. There is also the inevitable tension between [redacted] and Islam. In this context, the army has refused to allow children from the Imam schools into military academies and continues to operate a fairly rigorous system of vetting to prevent the armed forces from being infected by Islamic extremism.

An army patrol in Diyarbakir, Kurdistan, in south-east Turkey *Richard Wayman*

More dramatically, there are telling signs that the army's appeal and its prestige may be waning. A few years ago, the idea that Turks would actively seek to get out of military service was unthinkable. Today draft dodging, US-style, is an increasingly common phenomenon, [redacted] people [redacted] to avoid [redacted] sent to the conflict in the south-east. Newspapers have taken a certain glee in exposing the fact that the current chief of staff's son is shirking military service. The army is not happy about it, of course. When Mehmet Ali Birand used the topic as a subject for [redacted] affairs programme, 32nd Day, he was hauled before a military tribunal and two of his journalists were charged.

The make-up of the regular Turkish army – the graduates from the military academies rather than the conscripts – is changing, too. The intake are no longer the products of the ruling elite as in Ottoman times. The social composition reflects the changes in society at [redacted]. Indeed, [redacted]ern defence experts believe the current class are more often the sons of non-commissioned officers rather than of generals and [redacted]. For [redacted] Turks, particularly [redacted] poorer backgrounds, an army career provides upward mobility and an [redacted] from the [redacted] rural life.

On [redacted] other hand, today's officers seem more ideologically hidebound [redacted] Kemalist [redacted] Birand's book on [redacted] Turkish army points [redacted] the Kemalist [redacted] actually increased sharply in [redacted].

Often, [redacted] condescension towards the [redacted] politicians, who [redacted] perceived as unreliable, [redacted] and too [redacted] for popularity.

[redacted] a feeling [redacted] defence policy [redacted] important to be left to the civilian politicians. Despite returning the country to democracy in 1983, the military [redacted] Turkish political life. The constitution gives the army extensive powers. The army chief is subservient only to the president. The defence minister has little [redacted]. General Dogan Gures, Turkey's chief [redacted] staff, must [redacted] the [redacted] most photographed personality, usually captured standing alongside Mrs Tansu Çiller, [redacted] prime minister.

[redacted] the centre [redacted] problem [redacted] the tension between an army which [redacted] militarily [redacted] and one which [redacted] politically reliable. The [redacted] the three military [redacted] between 1960 and [redacted] gives the debate added poignancy.

Anne Counsell on Ankara's predicament in the conflicts of the Middle East

Caught between a rock and a hard place

Intently gazing westwards towards Europe in the hope of economic and political engagement, Turkey remains constantly mindful of its geographic location, regional importance and fractious neighbours.

It is therefore somewhat piqued that the [illegible] than sympathetic [illegible] Ankara's predicament as an "interface" with the Middle East, quite apart from other complicating factors arising from its position abutting Central Asia and the Balkans.

"We [illegible] caught between a rock and [illegible] hard place," [illegible] a foreign ministry official, mildly rebuking the [illegible] notion of Turkey as an area of calm in a troubled [illegible]. Additionally, [illegible] place and relative weight of Turkey [illegible] and European foreign policies on [illegible] Middle [illegible] a [illegible] both hurt pride and confusion for Ankara, which senses an often-arbitrary treatment of Turkey's "special position".

Associate membership of the Western European Union (WEU) is cited as [illegible] illustration of a perceived failure of co-operation with Europe, for [illegible] gives Turkey a [illegible] at [illegible] but with no guarantees.

As well, Turkey [illegible] resigned to a prolonged – if not futile – wait for membership of [illegible] EU, and has [illegible] slighted [illegible] Nordic and east European countries leap-frog the queue.

There is a strong, although understated, displeasure that Turkey is considered merely a [illegible] between Europe and [illegible] Middle [illegible] rather than [illegible] true friend. This sentiment has gained ground as [illegible] country continues to experience [illegible] sharp end of the United Nations embargo against Iraq following the Gulf War.

"The Gulf War [illegible] not between Iraq [illegible] Kuwait and Turkey," said Mr Hikmet Cetin, the Turkish foreign minister late last year. "But [illegible] everyone is gone and Turkey is being penalised."

This message [illegible] taken up by Turkish prime minister, Mrs Tansu Çiller, during [illegible] recent visit to Washington where she emphasised Turkey's economic losses resulting from the continued closure of the 986km pipeline running from the Iraqi oilfields of Kirkuk to Turkey's southern coast. It has not been used since August 1990 when Turkey turned off [illegible] tap in compliance with the UN trade embargo against Iraq. About 7m barrels of crude is trapped in the pipeline, [illegible] which 3.2m belong to Turkey.

Mrs Çiller put [illegible] total [illegible] to Turkey at around $20bn, including direct revenue and royalties [illegible] of $2bn annually. Indirect [illegible] include the [illegible] supplies [illegible] cheap petroleum for domestic consumption, the steep fall in tourist numbers, pipeline construction [illegible] and outstanding trade debts. In addition, mounting unemployment in the south-[illegible] has, [illegible] turn, [illegible] further economic difficulties and exacerbated problems of migration and terrorism.

The pipeline [illegible] sion as well [illegible] from Kurdish groups. Turkey [illegible] pipeline emptied [illegible] oil [illegible] ready for immediate [illegible] the embargo [illegible] lifted. [illegible] has suggested [illegible] for

> **Turkey [illegible] feeling the sharp end of the [illegible] embargo after the Gulf War with the continued closure of the 986km pipeline from the Iraqi oilfields of Kirkuk**

doing this in co-operation with Iraq. This scheme [illegible] politely turned [illegible] by [illegible] US, [illegible] said it [illegible] only [illegible] done within existing UN Security Council resolutions.

To [illegible] insult [illegible] injury, [illegible] sanctions committee has allowed Iraq [illegible] export [illegible] barrels [illegible] day of crude [illegible] 20,000 b/d [illegible] fuel oil [illegible] because of [illegible] kingdom's [illegible]. "Which [illegible] Jordan [illegible] the Gulf War?" [illegible] a senior Turkish official pointedly, adding that Turkey [illegible] west-[illegible] line to [illegible] own detriment.

There [illegible] indications [illegible] Turkey [illegible] reshaping [illegible] Middle [illegible] policy. It is assuming [illegible] higher profile in Arab-Israeli relations, Iraq [illegible] in finding [illegible] solution [illegible] the region's [illegible] problems. At the [illegible] time Ankara is taking account of [illegible] domestic situation – [illegible] particular [illegible] cross-border activities of the Kurdistan Workers Party (PKK) – but it [illegible] also toeing the West's diplomatic line.

Turkey has conveyed [illegible] the [illegible] its view that Ankara should resume [illegible] "business as usual" approach with Baghdad. This does not entirely complement the [illegible] State Department's declared dual containment policy towards Iraq and Iran and the strong US line precludes Turkey from developing normal ties with either. It is an [illegible] position [illegible] Turkey, which [illegible] PKK containment as more [illegible] the [illegible] cern [illegible] ensuring [illegible] Tehran [illegible] Baghdad [illegible] not obtain nuclear weapons.

The Kurdish issue [illegible] intrin-[illegible] to Turkish foreign policy. [illegible] significant Kurdish populations in Syria, Iran and Iraq, [illegible] which intermittently swings from being a binding force between [illegible] littoral [illegible] to [illegible] source [illegible] tension and disagreement.

Relations [illegible] Turkey and its Arab neighbours have increasingly been governed by the Kurdish issue. Ankara is opposed [illegible] an independent Kurdish [illegible] but [illegible] possibility [illegible] autonomous area in northern Iraq if [illegible] people [illegible] return [illegible] 1974 autonomy [illegible] some [illegible] form of self-government.

The location [illegible] PKK [illegible] in northern Iraq [illegible] of [illegible] antagonism [illegible] Ankara. [illegible] January, [illegible] 50 F16 [illegible] F4 Turkish jets [illegible] PKK base [illegible] on Iraq's [illegible] Iran. The [illegible] with [illegible] help [illegible] Iran, [illegible] closed [illegible] routes.

Aware [illegible] good relations hinge [illegible] control [illegible] PKK cells, Turkey [illegible] Iran have improved co-operation [illegible] rity matters. Iran's main worry is the Iraq-based Mujahedeen Khalq group, which [illegible] active in Turkey.

Turkey's main "misunderstanding" [illegible] Syria [illegible] centres on [illegible] PKK. Ankara [illegible] stated it cannot accept "state terrorism" and cross-border PKK activities remain [illegible] sticky issue despite Syrian [illegible] against PKK [illegible] in Beka'a, forcing the closure of camps, which [illegible] relocated [illegible].

The [illegible] is complicated by disputes [illegible] the Southeastern Anatolian Project (Gap) for irrigation and dam development. Syria has been known to increase support [illegible] the PKK if it thinks Turkey is being inflexible [illegible] the [illegible] issue whilst Turkish officials maintain that water rights are not [illegible] be negotiated [illegible] trade-off against the PKK.

Under a 1987 protocol, Turkey agreed [illegible] supply of 500 cubic metres [illegible] second until the completion of the [illegible] dam. The reservoir [illegible] been filled but without agreement [illegible] "allocation".

Ironically, Syria is negotiating the purchase of electricity generated from the [illegible] it vociferously condemned. This [illegible] may precede the long-[illegible] idea of [illegible] Middle-East-[illegible] grid [illegible] concert with Jordan, Egypt, and Iraq.

Syria's territorial claims over [illegible] Turkish province [illegible] in southern Turkey are largely in abeyance, [illegible] now. Large [illegible] of "Greater Syria" which jostle for wall [illegible] with portraits of [illegible] Al [illegible] in Syrian government offices, have more of a sentimental than cartographical value.

The relative thaw in Turkey's [illegible] with [illegible] Arab neighbours [illegible] of [illegible] diplomatic [illegible] muted by Ankara's [illegible] that the Baathist regimes in [illegible] Syria and Iraq [illegible] long [illegible] antipathy [illegible] Turkey [illegible] that Iran [illegible] distrustful [illegible] Turkey's secular, western approach.

Historically, relations [illegible] Turkey and [illegible] neighbours have [illegible] by [illegible] conflict [illegible] the ideas represented by [illegible] nationalism and [illegible] of the Ottoman empire. Turks [illegible] betrayed by the Arabs after WW1 [illegible] Arabs have long [illegible] Turkey [illegible] less-than-benign colonial power which strangled its Arab provinces during [illegible] Ottoman empire.

Turkey's policy objectives in Central [illegible] have [illegible] by its desire [illegible] be seen as a [illegible] balance" [illegible] Iran. Turkey and Iran are [illegible] a similar [illegible] population and both have an ethnic mosaic of Azeri Turks, Turkomans, Arabs. [illegible] Iran's [illegible] structures have unified minorities who suffered repression under the Shah, Turkey's secularism and comparative tolerance are an anathema to Tehran.

There is speculation that Iran and Saudi Arabia may be funding mosques and educational foundations which could [illegible] the rise [illegible] Turkey's Islamic movement. [illegible] Alevi minority, a Turkish version [illegible] Shi'ism, remains [illegible] simmering issue with Iran and there are intermittent clashes between the orthodox Sunni Muslims and the Alevis, about 15-20 per cent of Turks, mostly in [illegible] centre and east of the country.

The official emphasis [illegible] on economic ties. Turkey and Iran [illegible] also been discussing the extension of a pipeline to carry natural [illegible] from Turkmen-[illegible] Europe and the proposed construction [illegible] another pipeline to carry Iranian natural gas to Europe through Turkey. Also, Turkey has shown interest in buying Iranian crude in return for Turkish goods and services.

Of late, there has been a flurry of activity between Turkish and Israeli officials, accompanied by warm, even gushing, tributes. Turkey, which has long taken an even-handed approach to both Israel and the Palestine Liberation Organisation, has upgraded its relations with both following progress in the Middle East peace process and has committed $52m in exports credits and cash for the West Bank if [illegible] peace accord is reached.

> **There has been a flurry of activity between Turkish and Israeli officials, accompanied by gushing tributes and a three-way tourism pact with Egypt**

Turkey was one of the first countries to recognise the state of Israel, and has maintained ties since 1949, balancing this with support for the committee of Palestinian rights and recognition of the state of Palestine declared by the PLO in 1988.

[illegible] involved in five multilateral working groups on the peace process, although it was largely a spectator in the initial proceedings.

Turkey's ambition to construct a peace pipeline carrying water to Jordan, the West Bank and Lebanon remains on hold owing to questions of cost effectiveness – desalination of sea water is presently a cheaper option.

A pilot project is also under way to ship drinking water from the Manavgat river near Antalya on the Mediterranean coast by sea to Israel, using large plastic "bags".

Relations with Israel gained momentum with the visit of Israeli president Ezer Weizman in January. A host of agreements from double-taxation to trade were initialled including a three-way tourism pact between Turkey, Israel and Egypt.

Co-operation with Israel on terrorism, however, was not rapturously received. When Mr Cetin visited Jerusalem last year, Israeli officials avoided a commitment to provide intelligence or take joint action against Kurdish rebel bases.

During his visit, Mr Weizman said: "Turkey talks to everybody." However, Turkey is anxious not to be viewed just as a "talking shop" or a neutral venue. It wants to ease the strains of "living in a tough neighbourhood".

■ TEXTILE INDUSTRY

'Stifling' barriers may fall to winds of competition

Turkey's textile industry [illegible] ready and waiting, if not champing [illegible] bit, for [illegible] toms union with [illegible] European Union. Extensive preparations for [illegible] been made and [illegible] timetable for the reduction [illegible] import duties [illegible] nearing [illegible] target [illegible]

The industry [illegible] long awaited the removal of the "stifling" tariff and non-tariff barriers [illegible] trade, in particular the quota [illegible] Ankara has [illegible] both arbitrary and [illegible] violation [illegible] Turkey-EC association [illegible] and [illegible] 1973 additional protocol.

Buyers [illegible] shippers of [illegible] and apparel have also caught [illegible] industry's infectious enthusiasm for customs [illegible]. "No more quotas, no more form filling, [illegible] phoning [illegible] to [illegible] told I can't have [illegible] limits have been reached," said [illegible] ready-to-wear buyer [illegible] high street stores in Britain.

However, as the appointed "zero" hour has neared, [illegible] to free trade has [illegible] oped ruts, [illegible] and other [illegible] jolt its [illegible]. Turkey's application for EU membership [illegible] gather dust [illegible] the shelves in [illegible] as Nordic and east European applicants [illegible] Turkey further down [illegible] queue. For many Turkish industries, the prospect [illegible] customs union without the benefits [illegible] full EU membership and economic integration [illegible] increasingly been perceived [illegible] half-way [illegible] nowhere.

The country's [illegible] industry is [illegible] wary that [illegible] EU may [illegible] some [illegible] on

> The [illegible] to free trade [illegible] developed ruts, potholes and other [illegible] to jolt [illegible]

Turkish imports [illegible] use restric-[illegible] on the textile [illegible] prise [illegible] Turkey's [illegible]

The [illegible] industry and durable goods manufacturers [illegible] lobbying for [illegible] time [illegible] prepare for [illegible] full [illegible] competition which will [illegible] their market [illegible]. The [illegible] deterioration [illegible] the economy has [illegible] the case for some form of delay or prolonged phase-in period and [illegible] has [illegible] mounting [illegible] ulation of slippage in [illegible] customs union timetable.

[illegible] has not committed [illegible] elimination [illegible] quotas, an issue which will ultimately [illegible] by EU member states. Turkish pro-[illegible] that Portugal and Spain may seek [illegible] retain some restrictions to pro-[illegible] industries.

The quota [illegible] is [illegible] the textile and apparel indus-[illegible] which are Turkey's larg-[illegible] foreign [illegible] earners, with combined exports [illegible] $5.4bn in 1992. The share of total export earnings has risen steadily from 30 per cent in 1989 to over 37 per cent in 1992. The EU buys 72 per cent of Turkey's textile and apparel exports and 26 per cent of the country's total export earnings originate from [illegible] and apparel exports to the EU.

The industry [illegible] growing [illegible] cerned that something [illegible] than full union will [illegible] enacted. Import competition combined with any vestiges [illegible] export limitations could [illegible] tate an industry which [illegible] been struggling to overcome a host of problems and a prolonged period [illegible] upheaval.

Turkey's [illegible] rapid growth and high [illegible] of investment [illegible] coincided with recession in its main export [illegible]. Spiralling inflation, high domestic energy [illegible] and rising [illegible] material [illegible] reduced Turkey's competitive edge in the [illegible] sector and [illegible] rising [illegible] have [illegible] hard-won. The difficulties [illegible] been [illegible] by [illegible] market penetration from Asian producers.

Over the past three years, textile exports have been falling both in volume terms and more steeply in dollar terms.

> Foreign producers have been eyeing Turkey's youthful and increasingly fashion-conscious [illegible]

This has been offset by the rapid rise in apparel exports [illegible] have climbed from $2.4bn in 1989 to $4bn in 1992.

"In recent months, the issue of EU quotas has been less of a headache than the domestic economy," says Mr Mustafa [illegible] of [illegible] Istanbul Apparel [illegible] Association (IETIB) which [illegible] producing over 80 per cent of exports in the sector.

Currency instability, [illegible] lack [illegible] a coherent economic programme and rising costs have deterred investment for several months. Last August's export incentives to increase export financing, improve export credit terms, rebates on utility costs and extra cargo flights to avoid the disruption of the overland route via former Yugoslavia have been almost negated by the deteriorating economic situation.

Inflation, which last month reached an annualised rate of [illegible] per cent, [illegible] expected to cloud the textile [illegible] wage negotiating round, which begins in September. The threat of strikes loomed large during the last semi-annual round when average monthly wages were $246. The textiles groups are better organised than the apparel sector which is mainly comprised of small to medium-sized businesses with a high turnover of employees. [illegible] forthcoming round is expected [illegible] be [illegible] ing and some employers [illegible] that heavy wage demands would [illegible] nail in the coffin for competitiveness, possibly leading [illegible] many [illegible]

Cotton prices also remain a stumbling [illegible]. Although [illegible] to build a market, futures and hedging [illegible] not [illegible] developed and domestic cotton harvests have dropped by 75 [illegible] cent, from 1.1m [illegible] in 1988 [illegible]. The area planted [illegible] cotton has fallen from 300,000 [illegible] in 1982 to 75,000 [illegible] 1993.

Reduced government support for prices has caused a shift in cotton production from [illegible] cotton-producing area of Adana [illegible] the east where wage [illegible] lower. The cotton yarn industry is [illegible] migrating eastwards, with some ventures spilling into the central Asian republics for [illegible] ton milling and processing which rely heavily on cheap labour to survive.

The domestic retail market for Turkish cloth and fabrics has declined with the shift towards value-added products such as ready-made garments.

Foreign clothing producers [illegible] been eyeing Turkey's youthful and increasingly fashion-conscious market but have been kept [illegible] bay by import duties of around 40 per cent. EU garment sales to Turkey in 1992 amounted to only $36m but would rise rapidly after customs union when import duties would be zero.

Several EU clothing groups, notably Italian producers, have sought to gain a foothold through licensing agreements to market their products in Turkey and in the Turkish speaking areas of the CIS. Pancaldi of Italy last year signed a five-year agreement worth over L18bn.

The Turkish apparel sector is confident that it will be able to withstand the impact of full competition by doubling its exports within five years of the EU lifting quota restrictions. It is, however, acutely aware that its present advantages such as a mature and broad product range, a skilled workforce and quick response and re-order times need to be backed up by further investment and modernisation. Without the latter, Turkey's leading industry will be unable to face either the challenges or the opportunities of the full customs union it has been waiting for.

Anne Counsell

The Bozkurt textile factory at Kosuyolu, near Istanbul — Tony Kirk

هكذا من الاصل

هكذا من الاصل

Vehicle component production at the Hema Disli plant, Polatli — Terry Kirk

Car manufacturers' fears

One-way street for imports

Turkey's vehicle manufacturers are reluctant to be guinea pigs. The unique and unchartered prospect of customs union with the European Union without full EU membership has little appeal to an industry which has enjoyed high tariff barriers, a growing market and government incentives.

"[illegible] not opposed to com[illegible] nor [illegible] we against [illegible] union," says Professor Ercan Tezer, secretary-general of the carmakers' association (OSD). "We do not want to delay customs union. All we are asking for is a reasonable period to adjust within a proper programme and schedule."

The industry is worried that sudden deregulation will be a one-way street, resulting in a flood of imports, especially from eastern Europe, Japan and Korea. Lada and Skoda already account for over 50 per cent of the import market and this would climb rapidly if Turkey were to adopt the EU's common commercial tariff for third countries.

The OSD, which represents Turkey's 15 passenger, commercial, light goods and tractor manufacturers, has been lobbying the government and Brussels for a reprieve. It recently commissioned a report by McKinsey's, the US management consultancy, which concluded that the industry needs another five years to consolidate its investment programmes and prepare for customs union.

The motor industry has been Turkey's fastest growing manufacturing industry with an average annual growth rate of 12.5 per cent between 1987 and 1992. In terms of production, it ranks third after food processing and textiles and provides employment for more than 0.5m people.

The two largest companies, [illegible] – a joint venture with Fiat – and Oyak Renault together enjoyed a market share of 73.9 [illegible] cent in 1993. Total car sales in 1993 were 441,829, a 40 per cent increase over 1992 with demand fuelled by Turkey's high growth rates, the availability of credit and rapid urbanisation. In addition, the number of cars per 1,000 people stands at 35, one tenth of the average in western Europe, highlighting the potential for sales growth.

So why the fuss about customs union? The runaway rise in production and sales flies in the face of the general European trend, which has been quite in the opposite direction.

"There has been a long-term programme of investment in the Turkish car industry," says Mr Jan Nahum, general manager of Tofas. "Twenty-two years ago there was no auto market, even 10 [illegible] ago a viable auto sector [illegible] unimaginable."

Tofas, which in 1993 cornered 44.1 per cent of the domestic market, produces three main series – the Bird, based on the Fiat 131, the Tipo and the Tempra series with different models in each category. Tofas and its main competitor, Oyak Renault, are the only producers achieving close to optimum capacity.

In order to benefit from economies of scale and to remain competitive, the two producers have been improving their production, expanding capacity and modernising their manufacturing and assembly lines. Both argue that they need more time to establish their projects and to consolidate these investments.

Tofas plans to introduce the Uno series to its range in the last quarter of this year. The company has spent over $140m of its $500m allocation for plant modernisation by reinvesting retained earnings and credits in the industry.

Renault is also expanding its range in Turkey – adding the Renault 19 to its existing 9,11,12 and 21 series. The launch is scheduled for September and falls within a $300m investment plan for increasing capacity and modernising its plants.

The spur to investment and modernisation has also been prompted by the arrival of other producers, attracted by the growing market and keen to establish a foothold in Turkey before the advent of customs union.

The local Ford licensee, Otosan, began producing the Escort model late last year following a $25m investment programme at its Istanbul plant. A joint venture between Turkey's Sabanci Holding and Toyota of Japan is building a production plant near Istanbul while Honda and Hyundai have recently obtained government approval for two new car plants under 50 per [illegible] joint ventures with local [illegible]

Hard on the heels of these new investments came a damaging blow. The auto industry's anxieties over the possible effects of customs union were heightened at the start of this year when the sector experienced the shock of a sudden, steep drop in sales. The 12 per cent devaluation of the lira and a sharp rise in interest rates stopped car sales in their tracks.

Consumer lending virtually dried up and car sales fell during January and February, leaving manufacturers with mounting stocks, an almost unknown phenomenon in Turkey.

The economic uncertainty had an immediate and brutal impact – Tofas workers were put on paid leave and Renault cut production by bringing forward paid leave and working a shorter week.

The country's economic difficulties were compounded by the political uncertainty with no prospect of an upturn in sales until well after the municipal elections at the end of March. The unexpectedly good showing of prime minister Mrs Tansu Çiller at the polls and the prospect of a stabilisation programme provide only the faintest glimmer of hope for the car industry.

"Disastrous" is the most frequently used adjective to describe the first quarter of 1994 for the industry. The possible effect on investment together with the prospect of lay-offs have armed the sector with more ammunition to argue for an adjustment period to customs union. Meanwhile, other industries are joining the chorus, cautioning that customs union may not be as beneficial as at first appeared.

Anne Counsell

Turkey's car industry

	Dec 1993	Jan 1994	February 1994#
Production	38,116	34,197	15,739
Sales	40,237	27,015	12,098
Stocks	3,438	10,618	15,086

To February 15 only — Source: Turkish Daily News

Anne Counsell on the stock market fall-out

A meteor falls to earth

According to an Istanbul [illegible], "the PMT set off the market's decline and [illegible] was all downhill from then on." He is not talking about hormones. "Post Moody's Tension" on the Istanbul stock market resulted in an evaporation of confidence and the disappearance of funds.

The acronym and the trading [illegible] banter belie the financial fall-out of [illegible] months. The parlous state of Turkey's public finances [illegible] highlighted by Moody's rating agency in mid-January [illegible] it downgraded Turkey's long-term debt rating from BAA to BA1, considered a "junk" rating. This [illegible] briskly [illegible] by Standard & Poor's which reduced its long-term foreign [illegible] rating from BBB to BBB minus.

The Istanbul Stock Exchange 60-[illegible] composite index ducked [illegible] dived with the ensuing upheavals on the foreign exchange market as [illegible] rushed to buy dollars and interbank overnight interest rates rose to 150 per cent.

By early February the index had sunk 30 per cent from its high of 28,300 in early January. There was no respite – [illegible] figures [illegible] sharply upwards and the second [illegible] bank governor in six months resigned. The stock market dropped a further 23 per cent to hover uneasily around the 13,000 level.

Trading volumes all but collapsed [illegible] retreated [illegible] lick their wounds and await the outcome of [illegible] elections. Turnover plummeted to TL1 trillion ($56m) from an average of TL4 trillion in early January when the market was at its high.

On the almost empty trading floor, boards are locked within half an hour as prices hit lower limits for the day – a far cry from the halcyon days of last year when traders streamed into the rundown stock market building near the dockside. Last year, Istanbul was a darling of the emerging markets, rising by [illegible] meteoric 194 per cent in dollar terms and outperformed only by Poland in the emerging markets league.

In November, the high levels of foreign interest and recognition of the market's own regulatory system resulted in the Istanbul market joining the two dozen exchanges in the world granted the status of "designated [illegible] market" by the US Securities and Exchange Com[illegible]

> "The economy hasn't been mismanaged. [illegible] hasn't been managed at all"

[illegible] Last year, everyone was buying on expectation, now they are selling on reality," says Mr Ozkan Gökdemir, general manager of Carmen Invest[illegible]

The shares of many companies have fallen below their book values. Erdemir, an iron and steel producer which last year invested $1.5bn in new plant and equipment, could be bought outright for $350m when its shares fell to their low of 15 cents.

Mr Kosta Zamani, of the International Finance Corporation, the World [illegible] private sector lending arm, is cautiously optimistic that the market will improve over the long term. However, he expects [illegible] prolonged recovery for the market due to the perilous [illegible] conditions. "The [illegible] hasn't been mismanaged," he says. "It hasn't been managed at all."

The next few months, he believes, will be critical. Much will depend on whether the recent austerity package is sufficient, credible or can be implemented, especially the political difficult closure of several loss-making state enterprises.

Mrs Çiller's track record on the economy has been less than glowing [illegible] stop-start privatisation programme has left the market sceptical.

In happier days, the stock exchange hoped that privatisation would boost the hungry market with new issues. Today brokers are doubtful that the programme will succeed, noting that more has been spent on studies than has been realised by sell-offs.

In March, a report by the Istanbul-based Turkish Young Businessmen's Association said the success of privatisation [illegible] depend on political resolve, noting that [illegible] approach privatisation as an independent issue rather than as part of an economic improvement plan". By way of encouragement, the report pointed [illegible] that "privatisation programmes had been implemented successfully even in countries with [illegible] nomic indicators than Turkey."

The consensus, however, is for [illegible] semblance of stability after the volatility of recent months. A few of the optimists hope that the economy will be on an even keel by the time the stock market moves to its expansive, new premises in the Istinye business district of Istanbul. Those with more bearish [illegible] note that the move has already been delayed by six months, as has the change-over to a fully automated trading system.

An adviser to the prime minister talks to **John Murray Brown**

Elegant Unsal shuns blame

Talking to Osman Unsal, it is easy to forget the country is grappling with its worst financial crisis for a decade.

Just back from yet another trip to south-east Asia, he sounds like a born-again capitalist who has seen the promised land – in his case the tiny island state of Singapore.

A former Citibank employee, with a taste for monogrammed shirt cuffs, Mr Unsal is today the government official the business community loves to hate. For Mr Unsal, 39, is a key confidant of Mrs Tansu Çiller, the prime minister.

His lack of years has already been the cause of one humiliation: bureaucrats in Ankara succeeded in blocking his appointment as Treasury head on the grounds that he had seen insufficient time in the civil service. Since the announcement of the austerity package, Mr Unsal has been replaced as acting under-secretary at [illegible] treasury, [illegible] instead to the prime ministry.

Mr Unsal made his name [illegible] head of the foreign investment department under the former Motherland party administration. His connection with Mrs Çiller goes back further – she was his professor at the Bogazici University.

It is his public finance strategy that is widely blamed for fuelling overnight rates, which led to high borrowing costs, causing a dramatic contraction of business activity, and leaving the banking sector gasping for breath.

His bid to restructure the government's domestic debt is seen as the main cause for the collapse of the Treasury bill market.

In the wake of January's 12 per cent devaluation and the subsequent currency turmoil, interest rates on government bills have shot up to 125 per cent, and even at that rate there is little demand. The Treasury [illegible] selling [illegible] TL100bn at its [illegible] auction compared with an average figure of around TL20,000bn last year.

Mr Unsal's strategy had [illegible] certain elegance. By lengthening maturities, the government set out to ease its debt service burden. The side-effect, however, was that the repeated cancellation of the weekly auction has left the market with an overhang of Turkish lira – one of the main factors fuelling dollar demand, and leading to the run on the currency.

Osman Unsal: short-term problems

"I didn't say that interest rates should come down. I just said for one-year paper I'll pay [illegible] were lucky [illegible] do that. If we had gone into this crisis with heavy three-month funding for the Treasury, we would have been in deep trouble. But in nominal terms, it's the same as last year or even less than last year.

"I don't think [illegible] have [illegible] problem," Mr Unsal [illegible], pointing to [illegible] in [illegible] approvals in 1993. "On the contrary, with the customs union (with [illegible] European Union) Turkey will be a production centre, a stepping [illegible] penetration point [illegible] markets."

His personal conviction has so far failed to persuade the markets. The lira has lost close to 35 per cent in the wake of the 12 per cent devaluation in January.

Mr Unsal is keen to stress [illegible] happened was a collective decision. "It wasn't fair to blame me. [illegible] had hourly meetings or daily meetings, [illegible] central bank, the state planning organisation and with finance."

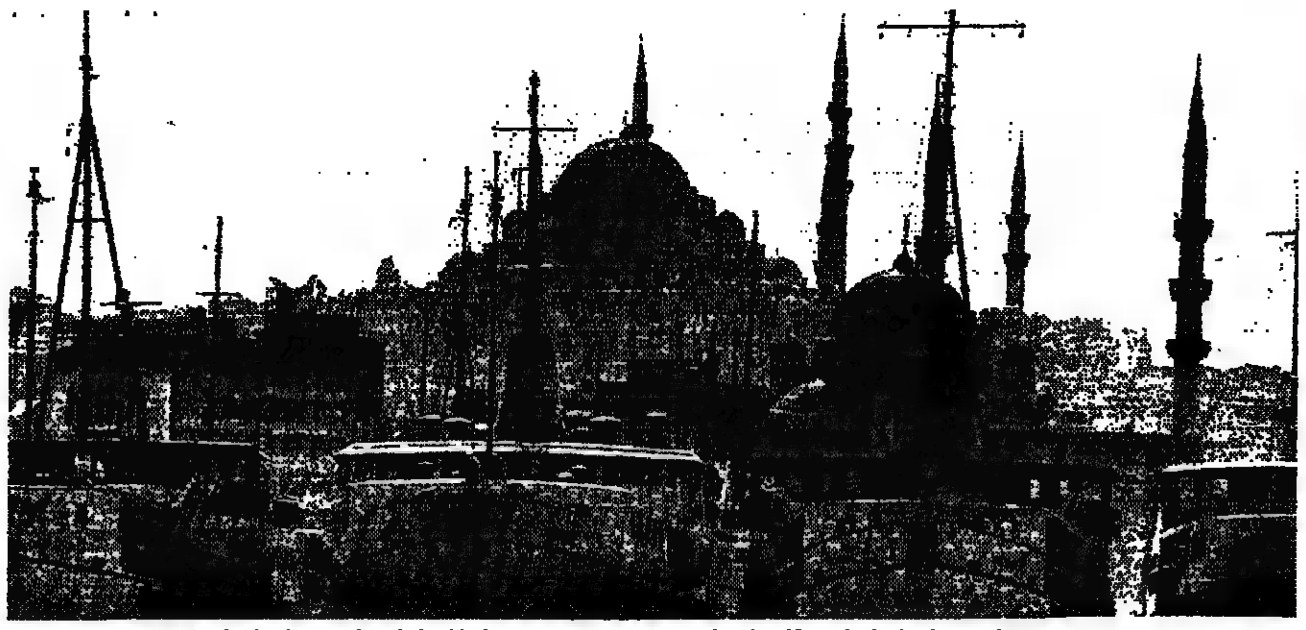
He prefers to put a more positive gloss on what has happened. "Because of our inability to borrow in the last two months, our projected stock of Treasury paper will be something like 22 per cent of our GNP, when it was quoted in the budget at 26 per cent."

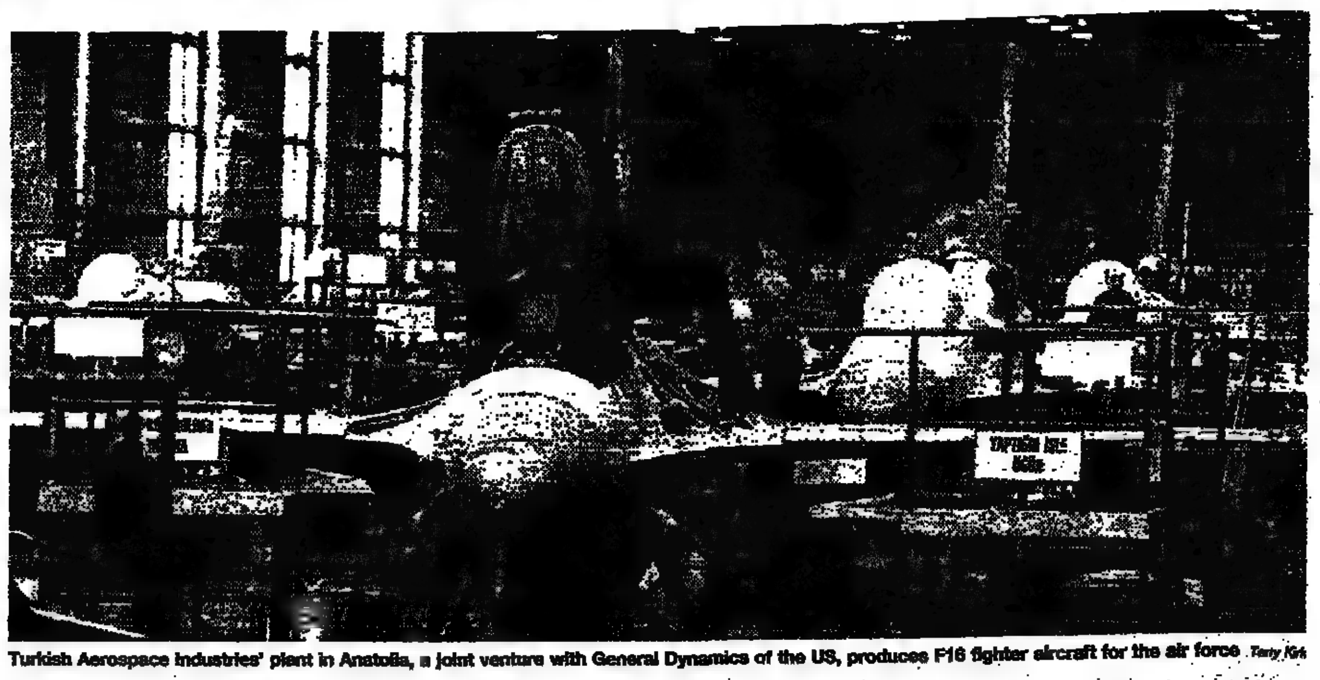
Turkey's problems, he asserts, are short-term. "To [illegible] of [illegible] market can happen in just one day. To rebuild you may need more [illegible] day. But [illegible] public should realise, [illegible] realise, [illegible] have such disturbances."

Mr Unsal [illegible] equally [illegible] banking sector can ride out the crisis. "If you [illegible] with [illegible] position, [illegible] with [illegible] short position, and that's a fact of life," he says.

But he is sensitive to the suggestion [illegible] policies contributed to the currency crisis. "Everyone needs a reason for a problem," he says, searching for an explanation. "Tax [illegible] certainly one [illegible]. If you start taxing some of the instruments and not others, you create a disturbance to the advantage of one and disadvantage of the other.

"Treasury paper was used as a tax shelter. In late November, when [illegible] tax rumours started, that's when the banks started to cover their positions."


Bosporus Ferries on the Golden Horn at Istanbul, with the mosque of Sulamanye the Magnificent in the background Tony Kirk


Turkish Aerospace Industries' plant in Anatolia, a joint venture with General Dynamics of the US, produces F16 fighter aircraft for the air force Tony Kirk

John Murray Brown assesses [illegible] move that will have a great impact on the country's economy

On the last lap to a customs union

After 20 [illegible] of fitful progress, Turkey and the European Union seem finally [illegible] have embarked on the [illegible] lap [illegible] [illegible] customs union. The visit [illegible] Ankara in early February [illegible] Sir Leon Brittan, the EU external affairs commissioner, [illegible] given [illegible] new momentum [illegible] [illegible] project. If [illegible] [illegible] to plan, [illegible] trade barriers [illegible] scheduled [illegible] be lifted in [illegible] marking [illegible] [illegible] important change in Turkey's business environment, and [illegible] further milestone [illegible] [illegible] [illegible] for full EU membership.

Considerable adjustment is required [illegible] just [illegible] Turkey's budget but [illegible] [illegible] [illegible] [illegible] balance with [illegible] EU and [illegible] those [illegible] [illegible] industry [illegible] vulnerable to import competition.

Implementing [illegible] customs union [illegible] [illegible] at [illegible] [illegible] [illegible] times, [illegible] Turkey [illegible] trying to [illegible] so [illegible] [illegible] [illegible] [illegible] economy [illegible] turmoil.

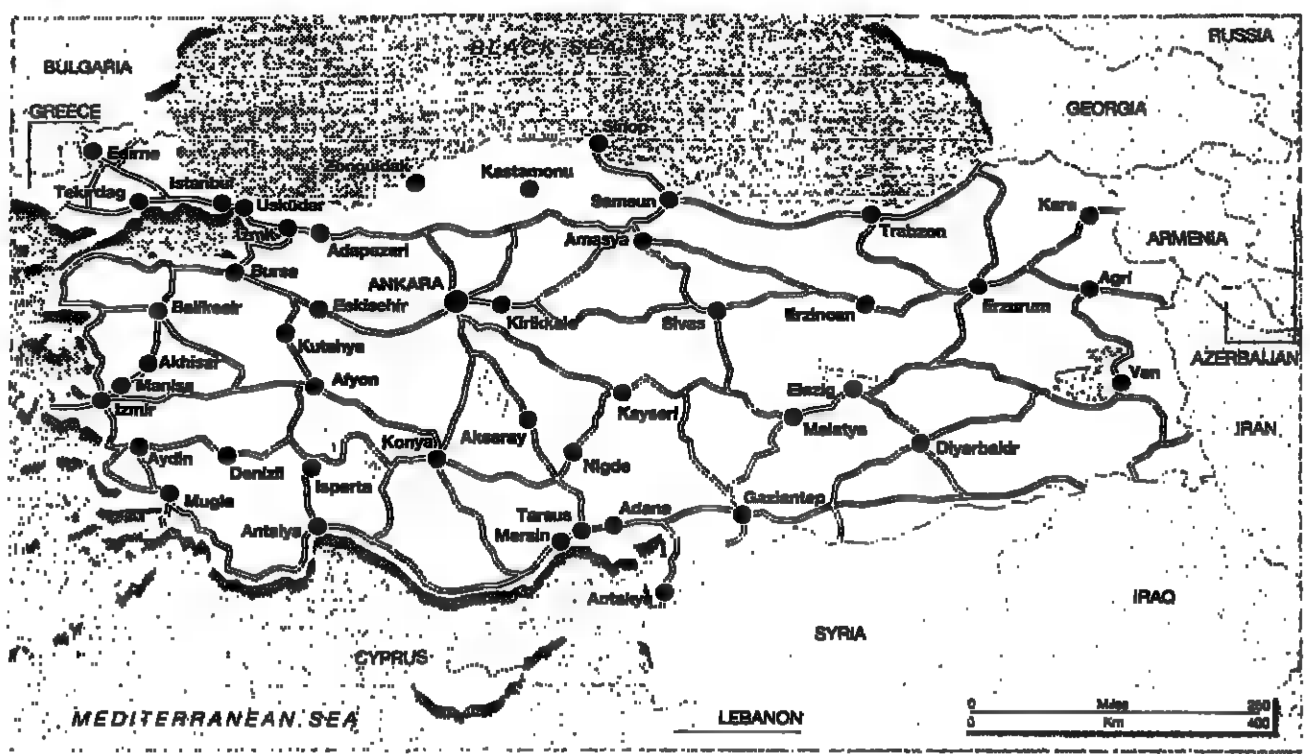
Recent turbulence in Turk[illegible] currency markets has forced [illegible] government to devalue [illegible] lira by [illegible] per cent. Commission [illegible] believe [illegible] crisis has made it all the [illegible] urgent that Turkey address the structural prob[illegible] of [illegible] economy before lowering [illegible] guard [illegible] its EU [illegible]petition. On many counts – inflation, interest [illegible] and [illegible] public sector [illegible] – Turkey diverges from the European [illegible]

[illegible] Turks wonder whether the attempt [illegible] integrate the country's economy with [illegible] EU [illegible] too ambitious. Nevertheless, [illegible] Leon [illegible] that cus[illegible] union will have a stimulative effect. However, he [illegible] that [illegible] underpinning the [illegible] [illegible] with an austerity [illegible] Turkey [illegible] in danger of dissipating [illegible] gains that might accrue from [illegible] union.

Turkey might [illegible] [illegible] better [illegible] for financial adjustment [illegible] [illegible] help [illegible] the [illegible] [illegible] economic integration. The Turks point out that they [illegible] be the only country to [illegible] [illegible] [illegible] union without first being [illegible] full member. [illegible] long as Greece continues [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] the [illegible] of Ecus, Turkey could [illegible] [illegible] "the only country between [illegible] [illegible] [illegible] Gibraltar [illegible] [illegible] Sea of Japan not [illegible] get EC aid," [illegible] [illegible] official [illegible] put it.

Currently the only assistance available [illegible] under the EU's [illegible] [illegible] policy, a regional assistance [illegible] framed in the late [illegible] less with Turkey in mind [illegible] to counter the growing [illegible] [illegible] large-scale migration from [illegible] Maghreb countries of [illegible] Africa.

Yet, despite the inevitable pain of transition to [illegible] more deregulated economy, Turkey's commitment [illegible] trade liberalisation has always been moti[illegible] more by political than [illegible] imperatives. Unlike [illegible] [illegible] [illegible] [illegible] countries, Turkey's political parties, with [illegible] exception of [illegible] Moslem-backed Refah or Welfare party, [illegible] support the objective of closer ties with Europe.



Though Turkey's application [illegible] full EU membership [illegible] politely shelved in 1989, [illegible]ern officials believe there [illegible] little realistic prospect [illegible] accession in the foreseeable future. But Ankara [illegible] all [illegible] [illegible] that any slip-up in [illegible] [illegible] union [illegible] in [illegible] would damage even [illegible] distant ambitions, [illegible] a time when Turkey [illegible] already losing ground [illegible] a queue of eastern and central European countries.

In some [illegible] convergence is [illegible] happening. In [illegible]cial services, [illegible] example, Turkey has already [illegible] [illegible] [illegible] the EU [illegible] directives. As [illegible] number [illegible] foreign companies setting [illegible] joint ven[illegible] with [illegible] partners [illegible] up, [illegible] brand names are giving way [illegible] [illegible] products.

Both Turkey and the EU [illegible] compelling reasons for seeing the negotiations through to a successful [illegible]sion. For the EU, customs union will mark a further deepening of trade relations. Turkey [illegible] a dynamic regional trade hub. [illegible] a population [illegible] [illegible] [illegible] country [illegible] already the EU's ninth largest export market.

[illegible] [illegible] more, [illegible] the past [illegible] [illegible] Turkish economy [illegible] enjoyed average growth of [illegible] than 6 per cent, higher than any member of [illegible] Organisation for Economic Co-operation and Development.

Last year, two-way trade [illegible] $20bn. In Brussels, Turkey [illegible] viewed as [illegible] vital partner in [illegible] newly emerging economies of the Black Sea and central Asia.

If there is to be a permanent solution to the Arab-Israeli dispute, then here too Turkey will play a big role, controlling as it does [illegible] of [illegible] region's vital water resources.

[illegible] move to [illegible] customs union [illegible] not [illegible] [illegible] The [illegible] Bank, in an [illegible] in its Economic [illegible] last [illegible], suggested a customs union would "[illegible] little beneficial effect [illegible] welfare". [illegible] impact of [illegible] reform [illegible] [illegible] [illegible] exacerbate the already [illegible] disparities [illegible] [illegible] [illegible] Turkey's prosperous [illegible] seaboard and [illegible] poverty-stricken [illegible] provinces.

The economic case for [illegible] liberalisation is that it will stimulate efficiencies, deepen Turkey's industrial [illegible] and encourage foreign capital investment in [illegible] where Turkey [illegible] real comparative advantage, such as processed foods, retailing and [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] components.

However, [illegible] [illegible] [illegible]ents a [illegible] challenge [illegible] [illegible] Turkish economy. Treasury [illegible] [illegible] that the [illegible] [illegible] lower [illegible] could [illegible] tax revenues by [illegible] much as $3bn [illegible] year. As the [illegible] [illegible] down, imports [illegible] [illegible] [illegible] [illegible] by [illegible] [illegible] $1.5bn to [illegible], adding [illegible] [illegible] [illegible] [illegible] [illegible], which in 1993 was already at a record $14bn. In the current [illegible] environment, [illegible] has been hard [illegible] Turkish companies [illegible] [illegible] the [illegible] [illegible] long-term [illegible] [illegible] in [illegible] technology needed [illegible] weather the increased foreign competition.

For foreign investors too, [illegible] [illegible] union is forcing [illegible] rethink [illegible] strategies. Until now, [illegible] foreign companies have been attracted to Turkey because of the size of its market, its large population and, most important, because of the protection [illegible] to an [illegible]. With customs union, the market [illegible] [illegible] [illegible] produc[illegible] [illegible] likely to come under [illegible] from imports. [illegible] [illegible], until the government tackles [illegible] problem [illegible] inflation, which is as high as 70 per cent, and real interest costs of [illegible] [illegible] cent, the [illegible] [illegible] [illegible] pays to site plant in Turkey rather than to import will remain rare.

Just to complete the admin[illegible] workload Turkey faces an awesome agenda. The urgency is underlined by the fact that all of this has to be completed by November, when [illegible] [illegible] [illegible] of the Turkish-EU association council is due to set [illegible] final date for completion.

Several problems remain to be ironed out. [illegible] reductions are needed to arrive at a zero tariff for EU goods and the adoption of the common external tariff (CET) applied to all incoming goods – the [illegible] which distinguishes a customs union from [illegible] free trade agreement. From [illegible] sample [illegible] [illegible] [illegible] items, [illegible] commis[illegible] [illegible] [illegible] [illegible] effective protection levied against EU goods is still about 15 per cent. The Union, [illegible] 1973, has provided duty-free access for [illegible] Turkish industrial goods, except textiles which remain restricted [illegible] quota.

There are [illegible] in [illegible] political [illegible] too. Real [illegible] remain [illegible] the Turkish parliament, given its poor record of passing legislation, can meet the legislative timetable to bring trade and industrial policy into line with that of the EU on [illegible] [illegible] range [illegible] intellectual property rights [illegible] competition [illegible] state [illegible] policy. The commission insists that until the [illegible] legisla[illegible] has been approved and actually implemented, the [illegible]toms union will not [illegible] fully working. Both sides are giving renewed impetus to the pro[illegible] through the EU-Turkish parliamentary [illegible] – normally the forum for European [illegible] [illegible] Turkey's human rights record.

But [illegible] main obstacle [illegible] likely [illegible] come from Turkey's large protected industries including [illegible] [illegible] [illegible] [illegible] Having prospered behind high tariff barriers for [illegible] long, [illegible] [illegible] understandably [illegible] to [illegible] [illegible] privileges and confront the cold blast of import competition. In the car industry – Turkey assembles locally-made Fiats and Renaults – protection levels are still around [illegible] [illegible] cent. [illegible] report commissioned by [illegible] [illegible] manufacturers' [illegible] suggested that Turkey would need another five years of protection to recover the cost of investments in new models now being undertaken, in expectation of the increased competition.

Paradoxically, the threat to the car industry is not so much from EU imports as from eastern and central Europe, with the Czech Skoda and the Russian Lada already making inroads, and likely to penetrate further once the 10 per cent CET for cars from third countries is adopted.

The commission's position is that if the car industry wins a delay in the timetable past 1995, then European textile manufacturers will almost certainly argue for [illegible] retention [illegible] quotas. "What's sauce for the goose is sauce for [illegible] [illegible]der," as Sir Leon Brittan put it.

The [illegible] victory won by Mrs Tansu Çiller, [illegible] prime minister, in [illegible] month's local [illegible] [illegible] given the government a breathing [illegible] [illegible] the commission is certainly under no illusions [illegible] to [illegible] difficulties in bringing Turkey into a customs union.

Profile: TANSU ÇILLER

Thatcher-style public relations

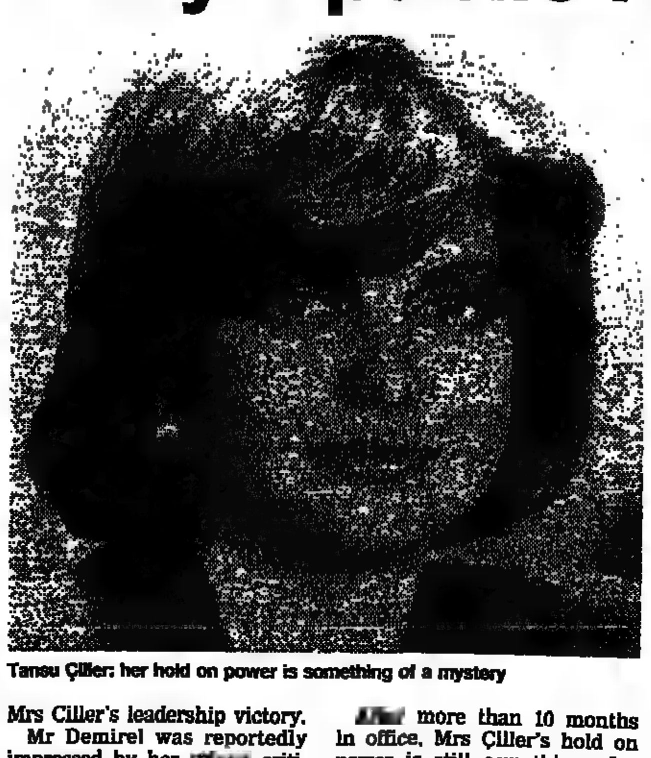
[illegible] prime minister [illegible] running behind [illegible]. [illegible] man [illegible] the face like a cooked ham is a British public relations [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] Mrs Margaret Thatcher, her British for[illegible] counterpart. Another [illegible] is [illegible] the phone [illegible] Elle magazine in Germany about [illegible] possibility [illegible] doing a cover story during Mrs Tansu Çiller's trip [illegible] Bonn.

Unfortunately, Mrs Çiller's policy [illegible] have [illegible] failed [illegible] match [illegible] aplomb [illegible] her public relations.

[illegible] [illegible] certainly not [illegible] "agent [illegible] change" [illegible] one [illegible] ambassador suggested. But for all her [illegible] of experience, [illegible] has a strong instinct for survival. Her party's nar[illegible] victory in [illegible] polls on [illegible] [illegible] [illegible] largely put down [illegible] her popularity. [illegible] man on the [illegible] [illegible] [illegible] [illegible] should [illegible] given [illegible] [illegible] of [illegible] doubt. It is hard [illegible] find a shopkeeper who blames her for the economic mess – [illegible] that is not the view in the boardrooms and banking halls [illegible] [illegible]anbul.

Mrs Çiller is [illegible] walking contradiction. A successful, [illegible]pendently wealthy woman in a male-dominated, [illegible] [illegible]ety, [illegible] seems equally at home donning the [illegible] in [illegible]ence to Islam or a [illegible] [illegible] in support of [illegible] soccer [illegible] Galatasaray's short-lived but heroic run in [illegible] European Cup.

Her rise [illegible] [illegible] owes much to the patronage [illegible] Mr Suleyman Demirel, [illegible] former prime minister, [illegible] [illegible] to [illegible] presidency paved the way for Mrs Ciller's leadership victory.


Tansu Çiller: her hold on power is something of a mystery

Mr Demirel was reportedly impressed by her [illegible] criticisms [illegible] the [illegible] Turgut Ozal, then Motherland party prime minister, [illegible] [illegible] [illegible] [illegible] Tusiad, the businessmen's association. During the elec[illegible] campaign of 1990, Mrs Çiller was frequently photographed on Mr Demirel's right [illegible]. It worked for the six-times prime minister. His True Path party won [illegible] election, though without [illegible] outright majority. What perhaps [illegible] did [illegible] [illegible] on was having to give Mrs Çiller [illegible] senior cabinet position.

[illegible] more than 10 months in office, Mrs Çiller's hold on power is still something of a mystery. Her impetuous management style has shaken [illegible] crusty bureaucrats in Ankara. The casualty list [illegible] impressive – [illegible] central bank governors [illegible] resigned since she [illegible] prime minister. The former head of the [illegible] planning organisation has [illegible] one of [illegible] [illegible] virulent public critics.

Her victory in the True Path party [illegible] in June 1993 over Mrs Ismet Sezgin, nominally [illegible] choice of Mr Demirel, is largely unexplained.

She [illegible] genuinely puz[illegible] [illegible] [illegible] during the campaign [illegible] many party MPs could [illegible] relied on [illegible] [illegible] for her. [illegible] senior DYP figure [illegible] [illegible] of the [illegible] supported her candidacy.

Mrs Çiller, a 48-year-old former Istanbul [illegible] professor, is in many ways a political "naif". [illegible] Turkish [illegible] [illegible] been [illegible]. Despite rumours [illegible] [illegible] husband's irregular business dealings – particularly [illegible] [illegible] collapse in [illegible] 1980s [illegible] [illegible] Istanbul Bank, of which he [illegible] a director – there [illegible] [illegible] [illegible] no White[illegible] waiting [illegible] engulf [illegible] prime minister.

Cynics point [illegible] [illegible] Mrs Çiller helped [illegible] newspapers financially with [illegible] [illegible] breaks and investment incentives just before the leadership challenge.

Her economic policies will continue to be under close scrutiny, but her political [illegible] remain obscure. Her [illegible] line on [illegible] Kurds clearly served her well in the local elections. Indeed, one of the most lasting impressions of [illegible] administration [illegible] been [illegible] way she has accommodated the military – in the fight [illegible] [illegible] Kurds and in [illegible] more parochial matter [illegible] pay rises [illegible] [illegible] armed forces and the extension [illegible] the [illegible] of General Dogan Gures, [illegible] [illegible] [illegible] [illegible] [illegible]

Gen Gures was among the first of the public figures to applaud Mrs Çiller's recently unveiled austerity package.

John Murray Brown

هكذا من الاجل

FINANCIAL TIMES SURVEY

The economy: nimble exporters saved the day: PAGE II

AUSTRIA

Foreign relations: focus is on European Union entry terms: PAGE III

Friday April 15 1994

The recession came and went so fast that many Austrians now wonder whether it happened at all. Even the most bullish of officials find it hard to explain why their country escaped so lightly from the European downturn. **Patrick Blum** reports

New challenge in Europe

Austrians tend to be cautious, but there is no hiding the general feeling of relief and optimism, not to mention surprise, at having left behind so quickly the country's worst recession for more than a decade.

The recession came and went so fast that many Austrians now wonder whether it happened at all, although rising unemployment is a reminder of the country's vulnerability to external economic developments. But even the most bullish of officials find it hard to explain why their country escaped so lightly from the European downturn.

One explanation is that Austria continued to benefit much more than initially thought from the opening up of the former communist states in central and eastern Europe. While growing exports to eastern Europe could not fully compensate for declining trade in traditional western markets, they reduced the impact of the downturn. Domestic demand also held up relatively well, with public and private consumption boosted by tax reform and an acceleration in planned government expenditure on infrastructure and housing. There were other factors. Wage rises were moderated by fear of unemployment, although at 4.2 per cent of the work force, the proportion of people without jobs is well below that in other European countries.

Many sectors of the economy are still sheltered from international competition, and the predominance of small and medium sized companies - which proved to be much more flexible than the large mainly state-owned groups - also helped. Many companies were able to switch markets and adapt production relatively easily.

Whatever the reasons, Austria's recession - with gross domestic product declining by about 0.25 per cent in 1993 - will have been one of the shortest and mildest in Europe. A modest recovery is forecast for this year, although as growth picks up again in Europe, especially in the important German market which takes about 40 per cent of Austrian exports, Austria should be well placed to reap the benefits. Growth may turn out stronger than the 1.5 per cent forecast.

Austria will also be well placed to benefit from European Union membership - expected on January 1, 1995 - which will give it full and free access to the Union's expanded internal market and strengthen the country's attraction as a base for foreign investment. Good infrastructure and telecommunications, a skilled and disciplined labour force - strikes are practically unknown - a pleasant environment, and a government eager to encourage foreign investment, have already enticed many companies to establish themselves in the country.

Since the fall of communism in central and eastern Europe, Vienna's role as a regional base for western multinationals has been strengthened.

But membership will also bring costs. Austria's inefficient agriculture and food processing industries are in for a shock as protective barriers come down and prices are aligned with those in the rest of the EU.

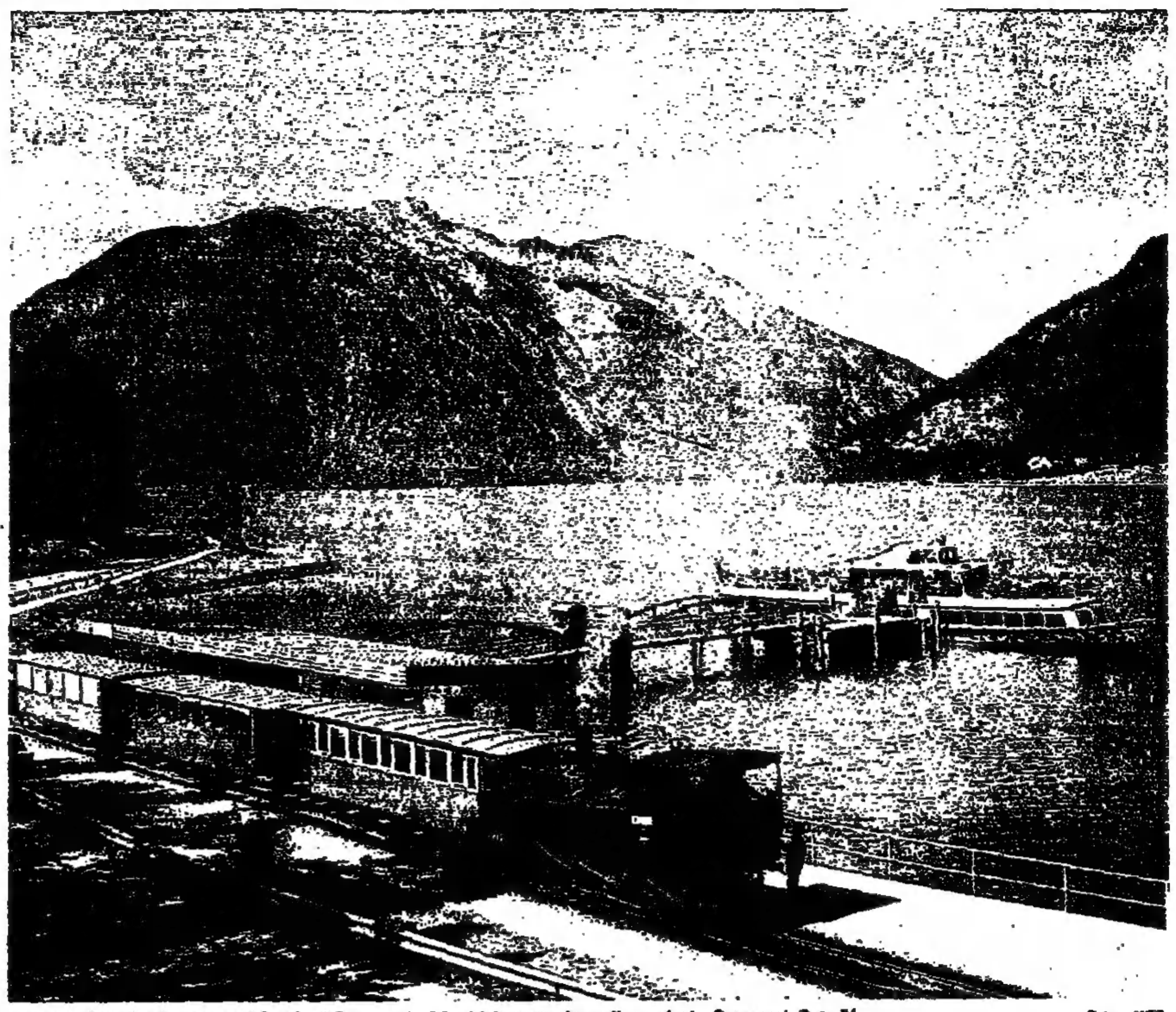
For the country's farmers, the blow will be cushioned by state and EU subsidies during the next few years, but the speed at which German milk producers gained local market share as the European Economic Area came into force on January 1 this year is an indication of the competitive pressures Austrian producers will face from now on.

The same is true for other industries where one of the biggest challenges comes from low-cost competition from central and eastern Europe. Manufacturers of sensitive products from cement to fertilisers face a tough future as eastern producers undercut prices even for the most economic and modern of Austrian plants.

Traditional industries will find it increasingly difficult to compete against producers benefiting from labour costs of almost one tenth those in Austria. This has encouraged a growing number of Austrian companies to internationalise their operations by moving labour-intensive production to neighbouring countries.

"For the cost of running a small factory with 50 workers here, you can move to Bratislava and employ more than 200 workers," says a businessman. Austria has emerged as the largest western investor in the region in terms of numbers of joint ventures established.

EU membership will also accelerate the pace of restructuring. Productivity gains in recent years have helped the most exposed sectors to adjust to international competition, but further improvements will be needed if Austria is to remain competitive as a business location.



Revenues from tourism account for about 8 per cent of Austria's gross domestic product. See report, Page IV

Picture: ANTO

Mr Franz Vranitzky, the social democrat chancellor, says that raising skills and quality will be central concerns of the next government after general elections in October. "In Europe, it is increasingly difficult to maintain employment. Every structural change has ended with a decline in industrial jobs. We would not be well advised to copy eastern Europe [with cheap labour]. We need a high level of development, of education and skills," he says. Openness and competitiveness will be the most important factors in securing future prosperity, he adds.

Good intentions, however, are not always easy to live up to. Last year, the government overshot its spending targets by about 60 per cent with the budget deficit rising to just under Sch100bn, representing about 4 per cent of GDP. The worsening deficit was due to lower tax revenues, a virtual halt in the privatisation programme, and rising social outlays for unemployment.

The deficit should come down this year as the recovery strengthens and privatisations get under way again. Moreover, the deficit is not as serious a problem as in other European countries, and it would represent only about 2.5 per cent of GDP if the healthier provincial government finances were taken into account. Inflation, at 3.1 per cent, is falling slowly. Economists would like to see the government make greater efforts to cut spending, but with a referendum on EU membership and a general election due later this year, improvements on this side are likely to be modest.

The EU referendum is scheduled for June, and the future of the coalition between the Social Democratic Party (SPO) and the conservative People's Party (OVP) will be tested in general elections in October.

Baring surprises, the referendum should come out in favour of membership, with Austria joining on January 1. Opposition to joining has so far remained fragmented and weak, and opinion polls suggest that a clear majority of voters favour membership. The Greens and Mr Jörg Haider's Freedom Party (FPO) on the extreme right are opposed to membership, though they are divided on the issue.

The greatest threat to a positive outcome may be complacency, with people, especially socialist voters, not bothering to vote - "for the right or wrong reasons, the EU has not been a very attractive product to sell," says Chancellor Vranitzky. It is widely perceived to have failed in its peace-making efforts in Bosnia; it is identified with the international recession; and it has much higher unemployment than Austria. The recent quarrel over minority votes was unedifying.

"So it takes an extra effort to convince our people that as a model it's an improvement," he says.

Uncertainty over the referendum's outcome worries business - "if we don't join, foreign investment will dry up. If there is no foreign investment, there'll be no technological transfer. And if there is no technological transfer, we will not be able to modernise our economy and compete," says a local banker.

Officials, however, believe they have secured sufficiently attractive membership terms and enough concessions from Brussels on agriculture and transit lorry traffic to win majority support for membership.

The general election will present the ruling parties with a different challenge. Their popularity has steadily declined since the 1980s as an increasing number of voters has grown tired of the old system under which the social democrats and conservatives have shared out power and patronage among themselves.

Dissatisfaction has boosted the Freedom Party and the Greens, but the FPO's xenophobic anti-immigration campaigns have effectively ruled it out as a coalition partner, while the Greens and the Liberals remain too small to exert much influence. The most likely outcome of the elections remains another grand coalition.

Ian Rodger examines the economy

Nimble exporters saved the day

It looks as if Austria gave the recent European recession a miss.

The final figures are not in yet, but it is likely that the country did not even accumulate three successive quarters of declining output last year, and the net gross domestic product decline for the full year was probably only 0.25 per cent.

This is a much better performance than everyone but Mrs Maria Schaumayer, the president of the Austrian National Bank, expected. Mrs Schaumayer, it may be recalled, brushed aside talk of hard landings last year, saying that any landing would be of the softest velvet.

Even the quasi-official Austrian Institute of Economic Research (Wifo) was too negative, carrying a 1993 forecast of a full 1 per cent decline until mid-autumn when it detected an export recovery.

What seems to have happened is that

Exports to eastern Europe have grown very rapidly in the past three years

Austria's nimble exporters responded rapidly to the slump in demand in their main western European markets, especially Germany and Italy, and aimed their efforts more at eastern Europe, the US and the Far East. Thus the net fall in exports last year could be limited to 4.5 per cent in spite of a 9.1 per cent slide in exports to European Union countries.

Exports to eastern Europe have grown very rapidly in the past three years and now account for 13 per cent of the total. Hungary is the country's fifth-largest market after Germany, Italy, Switzerland and France. Exports to the US were up 24.5 per cent after two years of declines.

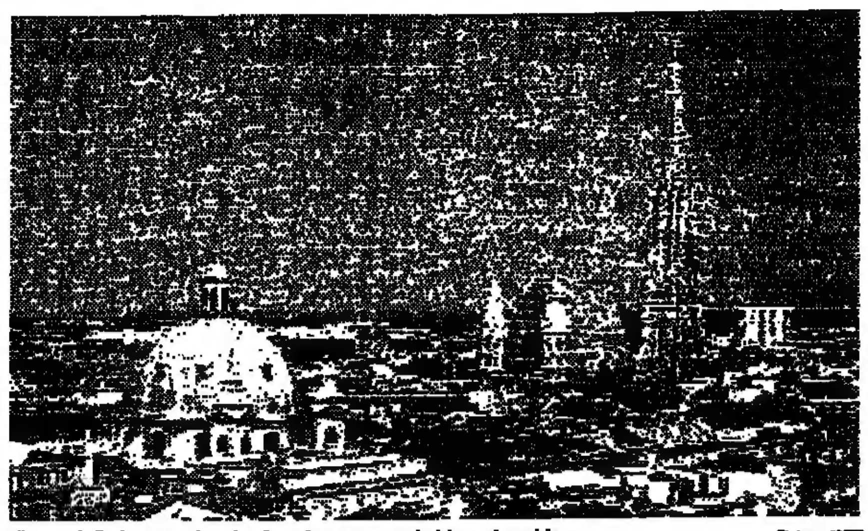
Mr Helmut Kramer, Wifo director, suspects that analysts were so impressed last year by the difficulties of some of the country's big companies – such as Austrian Industries, OMV and Leykam – that they failed to notice that smaller and medium sized companies were doing surprisingly well.

Mrs Schaumayer agrees. "There is a deeply rooted misconception that we are a country of farmers and civil servants. We have a lot of really successful industrial entrepreneurs," she says.

Productivity has also improved, at least with respect to Germany, thanks in part to the willingness of trade unions to agree moderate settlements last autumn.

The other factor in last year's resilient performance was a rise of 2 per cent in domestic demand. This was partly explained by some government pump priming early in the year, but mainly, it seems, by maintained consumer confidence. Austrian authorities point out that they were careful to avoid wallowing in the kind of excessive pessimism that could be observed in Germany and tended to make things worse.

Perhaps because of the mildness of the downturn, inflation remains the Austrian economy's biggest problem. Unemployment, the scourge of most other European countries, shows no sign of raging through



Vienna: Inflation remains the Austrian economy's biggest problem *Picture: ANTO*

Austria. It averaged 4.2 per cent on the Organisation for Economic Co-operation and Development calculation method last year and is forecast to rise to 4.6 per cent this year as manufacturing industry continues to emphasise productivity improvement. "We expect unemployment to continue to rise steadily but slowly," says Mr Werner Teufelsbauer, chief economist at the Federal Chamber of Commerce.

Inflation, on the other hand, is still at 3.1 per cent and Wifo is forecasting that it will average 2.75 per cent in 1994.

Mr Kramer says that about a third of the pressure on prices comes from increases in tariffs on public services and another important portion from the strong demand for housing and the related recent liberalisation of rent control laws.

However, he is distressed that market forces have been slow to work in the past year since the effective revaluation of the schilling and, more recently, the start-up of the European Economic Area (EEA).

Prices of many imported industrial inputs and consumer products remain unnecessarily high. Perhaps it will take time for both EU sellers and Austrian buyers to realise that the country's entry into the single market through the EEA creates opportunities for both.

"Our small and medium sized companies are not accustomed to being in a buyers' market. It will take them a while to learn to bargain," says Mrs Schaumayer.

The other relatively important problem is the public sector deficit. The government's plan to bring the federal deficit down from 5 per cent of GDP in 1986 to 2.5 per cent this year has been quietly jettisoned.

Good progress was made until 1992, when it was down to 3.25 per cent, but last year the deficit grew again because of various recessionary influences, the introduction of new social security spending and the failure of privatisation revenues to meet forecasts.

The budgeted Sch60bn deficit was raised to Sch80bn in the autumn, and Mr Ferdinand Lacina, the finance minister, said last month it would end up at Sch98bn, some 4 per cent of GDP.

This year's budgeted deficit is Sch80bn, but with federal elections and a tricky referendum on joining the EU in prospect, the government is unlikely to be in the business of imposing pain on anyone. Next year, Austria has to start making net contributions to the EU budget as well as compensation payments to hard-hit industries, especially agriculture.

Nobody pretends that Austria's fiscal problems are anything like as severe as those of most other western European countries. If the healthy finances of the provincial governments are taken into account, the aggregate public sector deficit is pretty close to the Maastricht requirement that it not exceed 2.5 per cent of GDP.

But economists would like to see the government pushing hard to cut spending now that economic recovery is under way.

Initially, the recovery is expected to be

Wifo is forecasting 1.5 per cent GDP growth. Some economists say it is too optimistic

fairly modest. Wifo is forecasting only 1.5 per cent GDP growth this year, and some economists believe it is being too optimistic.

Mr Kramer says the export performance is better than expected, and he believes export growth will exceed the forecast 3.8 per cent.

Domestic demand, on the other hand, will remain weak, with the only stimulus coming from income tax cuts that came into effect at the beginning of the year. Corporate capital spending, after two years of decline, will probably rise modestly.

The bloated banking sector is being consolidated, writes Ian Rodger

Financial scene is still bubbling

The Austrian financial scene continues to bubble – even though the stock and bond markets have gone quiet in recent months after surges last year.

The most significant, not to say startling, event of recent months has been the climax of a three-year battle over the future of GiroCredit, the former Girozentrale, the country's third-largest bank.

Giro has been a headache for Austria's bloated banking system since the late 1980s. The central clearing organisation for the country's large savings bank sector, it became excessively ambitious in the 1980s, spending more time on ill-considered expansions in international capital markets than on looking after its savings bank customers and owners.

However, as it was doing so, the two largest savings banks, Zentralsparkasse and Erste Oesterreichische, were busily building up their shareholdings in the bank. By the late 1980s, they together counted for a small majority, thus upsetting a delicate Conservative-Socialist balance that had long prevailed in the Giro supervisory board.

The significance of this change was that both Zentralsparkasse and Erste objected to Giro remaining a competitor on what they considered their turf – capital markets and retail banking – and they began to use their power on the board to curb the bank's executives.

In late 1991, Zentralsparkasse, which is controlled by the socialist municipal government of Vienna, took over the ailing Länderbank, and turned itself into a universal bank, Bank Austria.

This seemed to clear the way for Conservative Erste to merge with Giro and resolve the impasse, and negotiations were held. However, they soon broke off, allegedly because of bad blood between executives of the two banks, but more likely because the proud and successful Erste, with a balance sheet only three-fifths the size of Giro's, was unwilling to play second fiddle in the merged concern.

A year later, Giro executives, chafing under the continuing stand-off in their supervisory board, proposed another attempt. Erste was persuaded to put together a consortium of big provincial savings banks that would buy out Bank Austria's 30 per cent stake.

The negotiations proceeded at a stately pace reflecting the general lack of enthusiasm for the project until two months ago when Bank Austria became fed up with waiting for a solution and launched a formal bid of its own for control of Giro.

It rapidly became apparent that Bank Austria would win. The smaller savings banks could hardly be blamed for taking Bank Austria's cash rather than having to put their own money into a new Giro holding company in which their influence over Giro would be diminished.

The Austrian government has undertaken to sell its 70.5 per cent voting stake in CA

Bank Austria's plans for Giro are not yet clear, but it is likely to strip the bank down to its central clearing function. Among Bank Austria strategists, this structure is already known facetiously as Giro-Lite. Other departments – leasing, factoring, capital markets – will be merged with its own.

Giro's retail branches, ironically acquired with the takeover of Oesterreichisches Credit-Institut from Bank Austria two years ago, will probably be sold off to friendly savings banks.

Whatever happens, the operation will certainly result in a significant consolidation of Austria's bloated banking sector. As such, it is welcomed by other bankers looking for less cut-throat competition than they have had to live with for many years.

With the resolution of the Giro problem, the focus now turns again to Creditanstalt-Bankverein (CA), the country's second-largest bank. The Austrian government has undertaken to sell its 70.5 per cent voting stake in CA, but last year turned down two concrete proposals that were put to it.

CA executives favour a wide distribution of the shares in international markets but Mr Ferdinand Lacina, the finance minister, would rather place a large minority stake with a strong international bank. Mr Lacina says he wants to complete the sale this year.

That could turn out to be difficult if the current pipeline of new issues in the Austrian capital market remains full. Also, banking securities are no longer the favourites they were a few months ago.

The market is now absorbing one of the biggest initial public offerings ever seen, a Sch3bn issue from Mayr-Melnhof, a large, family-owned recycled paper and board group. This issue is, among other things, proof that the intensive effort of the past two years to breathe new life into the capital markets is paying off.

Among the more important reforms that came into effect at the beginning of this year was the abolition of the wealth tax. Previously, it was a disadvantage for a wealthy family to have a quoted value on its assets. Analysts say other family-controlled companies are soon likely to follow Mayr-Melnhof's lead.

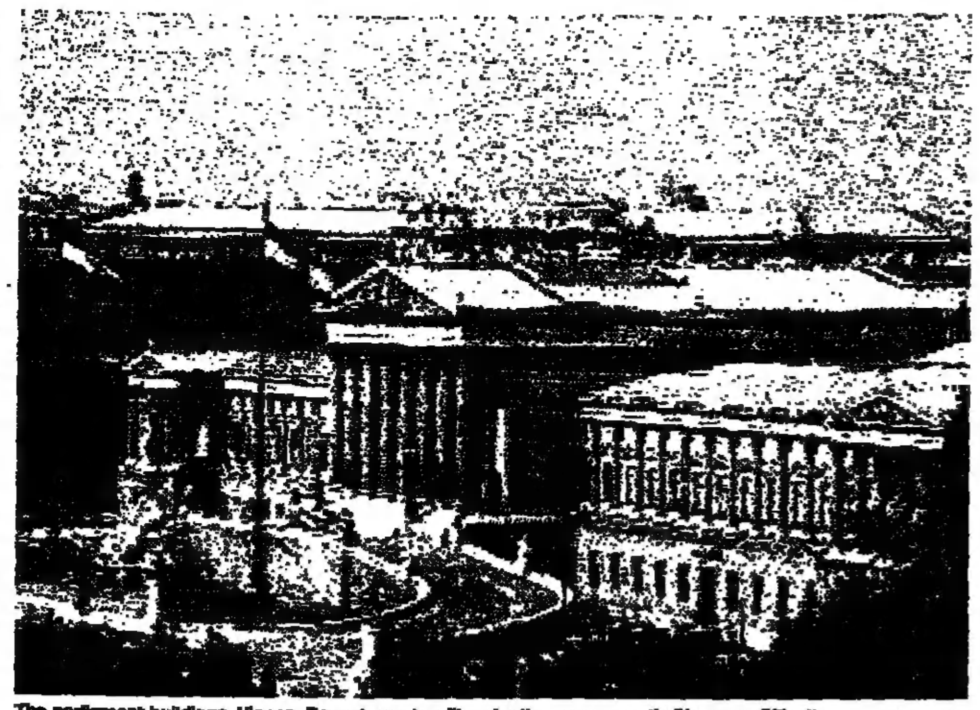
Voest-Alpine Technology, the plant engineering arm of the former state-owned Austrian Industries, is the next big issue in the pipeline, with the privatisation of a majority of the shares scheduled for mid-May. VA-Tech's net income jumped by a third last year to Sch925m on sales of Sch22.5bn.

The state is also planning to sell later in the year its remaining 26 per cent stake in VA Eisenbahnsysteme, a railway technology company which was partially privatised in late 1992.

Other candidates still on the near term privatisation list include Vorarlberger Illwerke, a regional power utility that is to be sold to the Vorarlberg provincial government.

Further capital market reforms are also in the works. Following the amendment of the criminal law last year to make insider trading a criminal offence, the focus is now on prohibiting the use of anonymous bank accounts for securities transactions and creating a surveillance authority similar to the US Securities and Exchange Commission.

These moves are likely to occur following the national elections expected in October. In the meantime, Austrian capital markets leaders are planning seminars in London and New York in May to explain the progress they have made.



The parliament buildings, Vienna. Recent events will make the government's life more difficult Picture: ANTO

Vienna fears delays in Brussels, writes **Patrick Blum**

A hectic year for the politicians

This year is proving to be even more eventful than expected for Austrian politics. Provincial elections in March saw a surge in the protest vote and support for the extreme right and the Greens at the expense of the establishment parties.

Shortly afterwards, the European Union's unseemly debate on how to block decisions within the EU threatened to undo months of careful campaigning to win public support for Austria's EU membership bid. Both events will make the government's life more difficult.

A referendum on EU membership is set to take place in June – the favoured date is June 12 to coincide with Europe-wide elections to the European parliament. If all goes well, Austria could become a member on January 1 next year. But Vienna fears that delays in Brussels or in the European parliament could upset the timetable and reduce domestic support for membership.

The row within the EU over blocking rights had a negative impact on local opinion. "It looks bad. People can't understand what it's about. They are asking why should we join this mess," says one official.

This is a far cry from feelings three weeks earlier when Mr Alois Mock, the veteran foreign minister who headed Austria's negotiating team, was given a hero's welcome on his return from Brussels following agreement over membership terms.

Differences with the Commission over agriculture and transit traffic which threatened to derail the talks were successfully overcome in a deal that most politicians considered good, although it was immediately, and predictably, denounced by the Greens as a sell-out.

The results of the negotiations strengthened support for membership with the latest opinion polls showing more than 50 per cent in favour, and around 30 per cent against, with a diminishing number undecided. An extensive government campaign in favour of membership has had a positive impact -

officials are optimistic about the referendum, provided "the EU doesn't break down or there isn't another mismanaged crisis as in Bosnia," says another observer.

"If nothing [contrary happens] over the next 2½ months, the outcome will be positive. It could even be a much as 55 per cent in favour," says Mr Erhard Busek, the conservative vice-chancellor. Ironically, the strength of current support for EU membership has raised fears that people will not bother to vote.

The government also has other worries. Elections to provincial parliaments in Carinthia, Salzburg and Tyrol on March 13 turned out worse than expected for the social democrats (SPO) who lost ground across the three provinces. The conservative People's Party (OVP) fared relatively better, increasing its vote in Carinthia but losing voters in Salzburg and Tyrol. The new Liberal Forum failed to make a breakthrough or win any seats.

The victor was Mr Jörg Haider, the youthful-looking populist leader of the right-wing Freedom Party (FPO). The Greens also did well, although they were helped by local factors.

The FPO – which under Mr Haider's leadership has veered firmly to the far right with emotional campaigns against immigration – won more than 33 per cent of the vote in Carinthia and was a close second to the social democrats whose share of the vote fell 8.5 per cent to 37.4 per cent.

The FPO also increased its share of the vote in Salzburg and Tyrol

Mr Haider wanted to win back the province's governorship which he was forced to relinquish three years ago after he made a speech apparently endorsing Nazi employment policies. But in spite of the FPO's strong showing, neither the social democrats nor the People's Party appear willing to enter into a coalition with Mr Haider.

The FPO also increased its share of the vote in Salzburg and Tyrol, and its success will give a boost to Mr Haider and his party for next October's general election.

The Greens were the other "winners", increasing their share of the vote to 10.5 per cent in Tyrol and 7.2 per cent in Salzburg province. Ms Madeleine Petrovic, the Green party leader, said the results provided "the best starting position for the general election", although support in Tyrol may have been heavily influenced by a mixture of concerns over lorry transit across the province, the local farmers' future once Austria joins the EU, and fears over foreigners buying up property.

Whatever the reasons, the results did not bode well for the two government coalition parties. Mr Franz Vranitzky, the social democrat chancellor, admits that his party may have taken its electorate too much for granted – "March 13 was a warning for the October elections."

The SPO's supporters did not vote, and he says the party will have to work hard to reverse that trend.

Both parties expect to lose some support at the general election, but Mr Busek is confident about the outcome: "It will be very similar. The government parties will lose a bit, with the social democrats losing more, but there is no alternative to a [grand] coalition," he says.

An alliance with Mr Haider's freedom party is politically impossible – "Haider has put his party out of political business. The FPO can't be in any coalition," says Mr Busek. The Liberals also look weak and, in what is still a strongly Roman Catholic country, may have been damaged by a debate in which they pressed for a full separation of church and state.

Mr Busek says that, for all its drawbacks, the current coalition offers stability at a time when Austria faces important changes, and this may be a winning argument.

The debate over EU membership has caused divisions within the Greens and FPO, with Mr Haider's business backers worried about the potential consequences of economic isolationism. The FPO leader said he would not tell supporters how to vote in the referendum, though a large majority of party members rejected EU membership in an internal party poll this month. About a quarter of the Greens also favour membership, and opposition to joining the EU has been politically weak and primitive, with wild claims about bureaucracy, corruption and the loss of thousands of jobs as result of membership.

Mr Busek and, it seems, a large proportion of the public, are unimpressed – "what counts is not what the parties say, but how people feel, and that's a good thing in a democracy."

The agreement to join will open a new era, writes **Ian Rodger**

Focus on EU entry terms

Most of Austria's diplomatic energies in the past year have been directed at negotiating the terms of entry into the European Union. There was no doubting the immense satisfaction in government and business circles at the settlement reached early last month.

However, the country has also remained active on other fronts, particularly concerning what it calls its neighbourhood, the countries of central and eastern Europe. It has also participated in the multilateral Middle East peace negotiations. And it has once again suffered an embarrassment with its state president.

The agreement to join the EU, provided it is ratified by a national referendum in June, will open a new era in Austrian political and economic affairs.

Mr Alois Mock, foreign minister, said after the conclusion of the negotiations that entry would enable Austria to regain its place at the heart of Europe after 40 years of forced neutrality.

"Thanks to its historical relations to the countries of central and eastern Europe, Austria will be able to make an important contribution to the policies of the union in this region," Mr Mock said. The country's economic and social stability, its hard currency and highly-trained workforce should also contribute to the integration process, he said.

As expected, the sticking points among the nearly 400 negotiating topics were agriculture and trans-Alpine transit, but Austria won satisfaction on both. A particularly aggressive sugar lobby won quotas beyond their expectations. "At times, we thought we were in a sugar negotiation, not an accession treaty," an Austrian diplomat says wryly.

On transit, serendipity appeared in the final tense stages of the negotiations when on February 20 the Swiss voted to ban all transit lorries from their Alpine passes from 2002. EU negotiators realised they had no choice but to concede to Austria's demand that the existing bilateral treaty forcing gradual reductions in lorry emission over the next decade.

The EU also magnanimously encouraged the European Investment Bank to help finance a Sch80bn rail tunnel through the Brenner pass to take the pressure off the motorway there. The upshot is that the immediate impacts on Austria of joining the EU look relatively modest. Manufacturing industries have already adjusted because of the activation of the European Economic Area (EEA) at the beginning of this year.

Mrs Maria Schaumayer, president of the Austrian National Bank, has served notice that the Austrian schilling will remain tightly tied to the D-Mark.

Mr Mock believes the biggest impact will be on farmers, whose lot will improve because of specially targeted national aid.

He also looks forward to the breakdown of quasi monopolies in many consumer product sectors as competition from EU producers increases. Already, Bavarian milk producers are upsetting the Austrian retail milk market, reportedly taking up to 15 per cent of the market.

Another area that will change is Mr Mock's own department from which some 800 bureaucrats are expected to be despatched to Brussels to work in the European Commission.

Austria has been particularly concerned about the former Yugoslavia

Apart from its relations with the EU, Austria's main external preoccupation at the moment is with the nearby countries of central and eastern Europe.

Austria has tried in many ways to support their economic and political reconstruction because, as Mr Mock puts it simply, "Their stability is our stability." He points out that Austria's trade with Slovenia is already greater than its trade with Russia, and the government continues to try to mobilise support in other western European countries for financing infrastructure developments in these countries.

Austria has been particularly concerned about the former Yugoslavia and from 1990 to 1992 when it was in the UN Security Council, it made several proposals, such as the setting up of security zones and the sending of preventive peace forces, that were subsequently adopted.

However, sensitive to the complexity of neighbourly feelings, it has refrained from sending its own peacekeeping troops to Bosnia. Instead, it has sent troops to other trouble spots such as Rwanda, so that other UN forces would be available to serve in Bosnia.

The Middle East is another area of Austrian interest, following the long and sometimes controversial policy of the former chancellor Bruno Kreisky to promote ties with Arab countries. Dr Kreisky was the first western leader to invite Mr Yasser Arafat, the Palestine Liberation Organisation leader, to Europe, and the PLO's first representation in the West was opened in Vienna.

Last June, Mr Franz Vranitzky, the chancellor, signalled a return to a more balanced policy, becoming the first Austrian chancellor to visit Israel. He provided the long-demanded formal apology for Austria's involvement in the Holocaust. "We share moral responsibility because many Austrians welcomed the Anschluss, supported the Nazi regime and helped it to function," Mr Vranitzky said in a speech to the Hebrew University in Jerusalem.

"We admit to all that has happened in our history and to the deeds of all Austrians, be they good or bad. Just as we claim credit for our good deeds we must beg forgiveness for the evil ones, the forgiveness of those who survived and the forgiveness of the descendants of those who perished."

Austria's relations with Israel and many other countries were made awkward in the late 1980s because of the efforts by Mr Kurt Waldheim, its president, to cover up his record as an officer in the German army during the second world war.

Mr Waldheim finally stepped down in mid-1992, making way for Mr Thomas Klestil, the polished former chief of the Austrian diplomatic service.

Mr Klestil has worked hard to restore external links, making visits to several countries. But his value, too, came in doubt last winter when he admitted publicly that his marriage was in trouble because he was having an affair with an official in his office.

He dithered for some time over how to handle the situation and ended up losing both his wife and his mistress.

Manufacturing profile: Lenzig

Global expansion

It is always a surprise to find "the largest" of anything in a small country such as Austria.

Lenzing, the viscose, plastics and papers group based in the eponymous Austrian town near Salzburg, for example, is the world's largest producer of viscose, the wood pulp-based fibre that is the raw material for rayon and other woven and non-woven products.

Viscose has not been a growth sector for some time. On the contrary, the world market has long hovered around 2m tonnes a year, and prices are frequently under pressure as a result of competition with other fibres and low-cost producers in developing countries.

But Lenzing, in which two Austrian banks have large minority shareholdings, has followed a deliberate policy of increasing its concentration on viscose – which now accounts for three quarters of its Sch8bn annual revenue.

In the past two decades, the number of viscose producers in Europe has dropped from 25 to seven, but Lenzing believes the remaining three majors, including Courtaulds of the UK and Hoechst of Germany, can thrive on the basis of high quality products and service.

So it has consistently built up its capacity, and last year surpassed Birla of India to become the world's largest producer, with annual capacity of 268,000 tonnes in plants in Austria, the US and Indonesia.

The group has combined this expansion with a big commitment to research and development of new products, and is on the verge of large scale production of a new cellulose-based fibre called Lyocell.

In the early 1980s, the group was looking for ways to make better fibres from dissolving pulp. Viscose has a relatively poor image and an unpleasant smell and the production process requires a number of nasty chemicals, including carbon disulphide and caustic soda. Lenzing has had to spend Sch2.1bn since 1988 to make its mills environmentally friendly.

The answer, it hopes, is Lyocell, a fibre developed in the early 1980s by Akzo, the German chemicals group, that uses N-Methyl-Morpholine-Oxide (NMMO) as a solvent.

Lenzing is one of only two companies that have licences to use the basic Lyocell technology

For one thing, the production process is an energy-efficient closed loop, with both the NMMO and water being recycled. Lyocell fibres also have greater wet tenacity than viscose and better form stability.

Lenzing is one of only two companies – the other is Courtaulds – that have licences to use the basic Lyocell technology. Courtaulds has developed a fibre called Tencell, which has soft, peach fuzz characteristics.

Lenzing has been moving in a different direction, trying to perfect a fibre that will enable it to compete effectively against cotton and silk in high-quality, high-volume clothing lines, such as shirts, blouses and dresses.

In 1990, it started up a pilot plant in Lenzing to produce what it calls Lyocell by Lenzing.

By last year, the product was so good that the group could sell the 200 tonnes annual capacity at roughly two times the price of viscose.

Within the next few weeks, the group hopes to win approval of its supervisory board to invest more than Sch1bn in a full-scale 20m tonnes-a-year plant. A rights issue to finance it would be necessary, as the group's balance sheet has been weakened in the past few years by its heavy investments in pollution control equipment.

Moreover, in 1992, weak fibre prices undermined margins and the group fell into loss and a further loss occurred last year.

Undaunted, Lenzing continues to develop its viscose business. In August, 1992, it bought a 45,000 tonnes-a-year viscose plant in Tennessee from BASF and has since boosted capacity to 60,000 tonnes. Expansion of its plant in Indonesia was also completed in 1992 and a further $100m expansion is under consideration.

Last autumn, it won a Sch350m contract to build a 20m tonne viscose plant in China, with options to participate in the sector at a later stage.

And last month, it entered a 100,000 tonnes a year dissolving pulp joint venture in Brazil with Klabin Fabricadora de Papel e Celulose and the International Finance Corporation to secure raw material supplies for its viscose plants throughout the world.

Ian Rodger

Patrick Blum reports on the tourist industry

Hotel owners feel the pinch

One in every 20 foreign trips taken anywhere in the world leads to Austria, according to official tourism statistics. But while this testifies to the strength of Austria's tourism industry, the past two years have not been good years for hotel owners and tour operators.

The recession in Germany, devaluations in Britain and Italy, and a decline in the number of travellers from the US, combined to depress foreign currency revenues to Sch156.2bn last year, down from the record Sch161.2bn in 1991.

Arrivals and overnight stays were down in every province except Styria, in spite of considerable investment and marketing efforts. Officials hope that with Europe now gradually pulling out of recession, this year will bring better results, thereby helping improve declining profit margins.

Any improvement would also help accelerate recovery for the national economy, which in turn would encourage more Austrians to spend time away from home and boost domestic tourism.

A few statistics give an indication of the industry's economic and social importance.

Revenues from tourism account for about 8 per cent of gross domestic product, rising to 15 per cent of GDP if the leisure industries are included.

About 164,000 workers are employed directly in restaurants and hotels; another 100,000 are self-employed and, if workers in related activities including in boutiques, travel agencies, and leisure facilities, are included, the number of people employed directly and indirectly in the industry swells to about 400,000 – representing about 13 per cent of the total workforce. The net Sch61bn foreign revenue income from tourism – after deduction from what Austrians spend abroad – covers almost 62 per cent of the country's deficit in traded goods.

Official policy is to encourage moves up-market by offering better accommodation and service, and catering for special interests or "hobby tourism".

This includes special programmes for tennis, water sports or golf and for those interested in fishing, riding, or who want to improve their health and looks.

There is an "Allegro Austria" programme dedicated to music lovers, and there are special programmes for families with small children. "These programmes have been very successful," says Mr Michael Raffling, head of the hotels and restaurants section in the Austrian Economic Chamber.

To take advantage of Austria's plans to join the European Union next year, the government recently announced that it would invest Sch3m-Sch4m in a special campaign throughout Europe on the theme of "Come and see the new member".

Meanwhile, the number of high standard hotels of five and four stars has risen steadily since the early 1980s from just over 100,000 in 1981 to 163,664 last year.

The number of two stars and single-star hotels has declined by about 100,000 to 278,916 in the same period. The number of middle range, three-star hotels has risen by about 50,000 to 240,146.

Most tourists come from western Europe with visitors from Germany accounting for 67 per cent of overnight stays, followed by visitors from the Netherlands with about 8.7 per cent; Britain with 3.8 per cent; Switzerland, the Benelux countries, and Italy whose share of overnight stays is down by more than 22 per cent.

There has been a steady flow of visitors from the former communist states of central and eastern Europe, raising the occupancy rates for cheaper accommodation.

Spending by east Europeans has grown since the early days immediately following the collapse of communism when many visitors came on one-day coach trips to look at the city and spend practically nothing.

The opening up of eastern Europe has brought some competition for Vienna from Prague and Budapest, but generally it has had positive effects, as more people have wanted to travel in the region. Many visitors want to combine a trip to the three cities. Agents are increasingly offering "magic triangle" programmes, especially to visitors from the US.

Outside the main cities, competition from the former Czechoslovakia, Hungary and other east European countries is limited by the range and quality of what they can offer, and while Austria is more expensive, it offers better service and infrastructure and a wider choice of activities in a cleaner environment.

Decades of investment and training were needed to make Austria's tourism industry one of the world's most successful, but it still faces a number of problems.

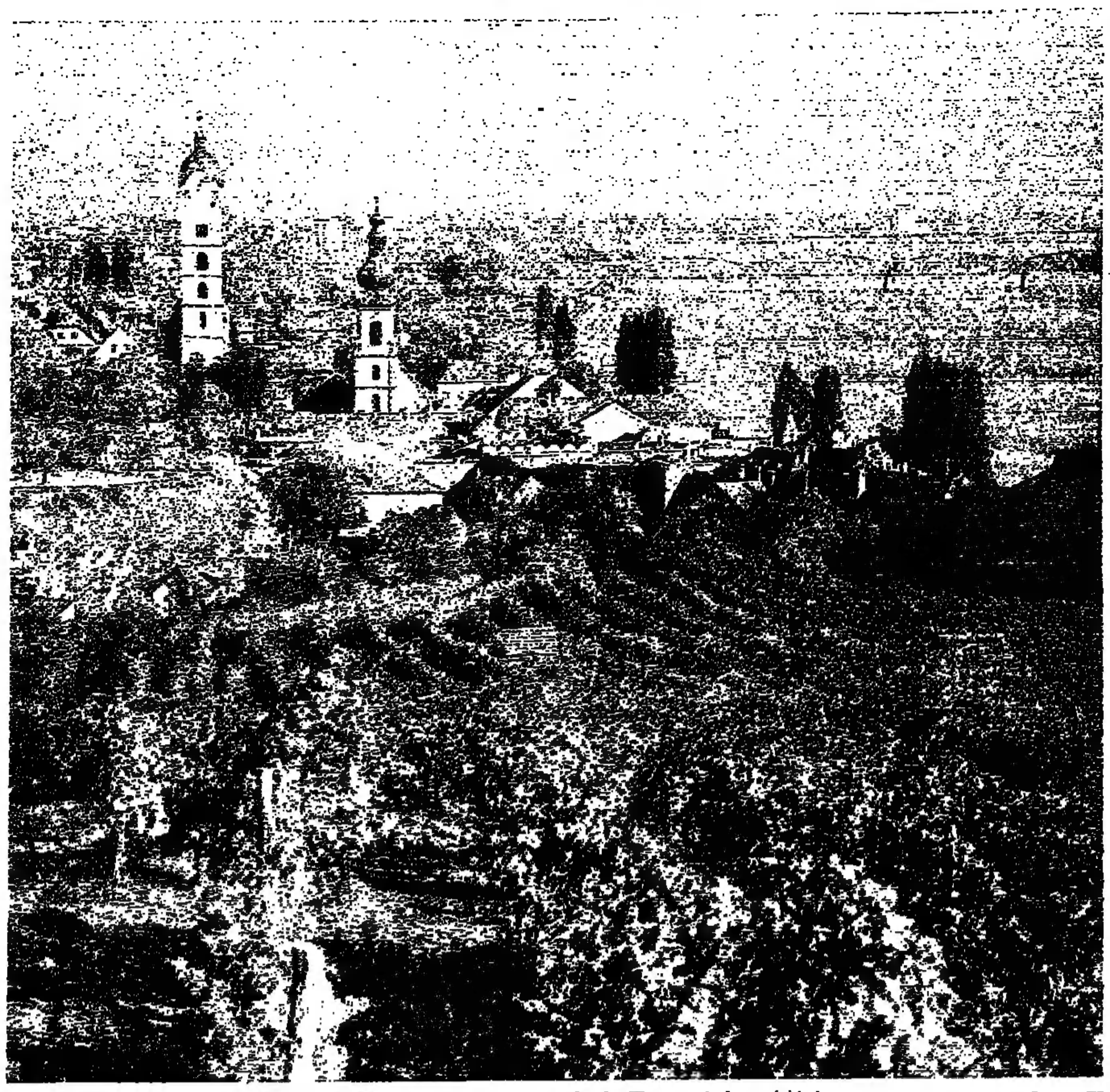
Efforts to stagger domestic holidays have had little success so there is still overcrowding at popular spots, particularly in the winter.

The costs of environmental protection for a wide range of activities – from waste disposal to ski runs – are rising rapidly. Community services and labour costs are also rising fast.

"The introduction of the five-day week in 1992 has noticeably increased costs," Mr Raffling says.

Environmental concerns can also make promotion more difficult. One idea was to have summer festivals in all the provinces, but it has met strong opposition from environment groups.

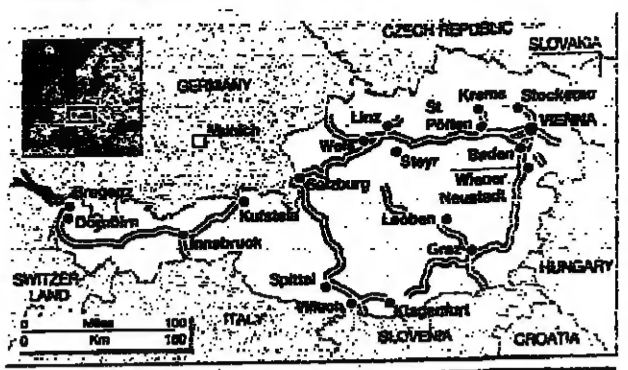
However, Mr Raffling says there is also a positive side which can be developed to Austria's advantage. "On one hand it creates a lot of problems, but guests are also becoming more and more environment conscious, and we are well placed to meet that demand."



Most tourists come from western Europe with visitors from Germany accounting for 67 per cent of overnight stays Picture: ANTO

AUSTRIA: KEY FACTS

Area .... 83,850 sq km
Population .... 7.9 million
Head of state .... President Thomas Klestil
Currency .... Schilling (Sch)
Exchange rate (av) ...1992: $1=Sch 10.99 1993: $1=Sch 11.54



ECONOMY

	1992	1993
Total GDP at current prices ($ billion)	185.3	180.5
Real GDP growth (%)	1.5	-0.25
GDP per capita ($)	23,450	22,790
Federal government deficit/GDP (%)	3.3	4.0
Public sector deficit/GDP (%)	2.0	2.5
Consumer prices (annual % change)	4.1	3.1
Wholesale prices (annual % change)	-0.25	-0.4
Industrial production (annual % change)	-1.1	-0.8 *
Unemployment rate (% of labour force) [1]	3.6	4.2
Discount rate (%, end period)	8.1	6.4 *
Govt bond yield (%, end period)	8.3	6.6 *
Total reserves minus gold ($billion)	12.38	14.6
Narrow money growth, M1 (% per annum)	6.2	7.6 *
Broad money growth, M3 (% per annum)	4.2	4.9 *
Current account balance ($bn)	-0.7	-0.9
Trade balance ($bn)	-9.6	-8.4
Main trading partners (1992, % by value)	Exports	Imports
Germany	38.8	42.9
Italy	8.8	8.6
Switzerland	5.9	4.0
EU	66.1	67.9
EFTA	8.6	6.8
Eastern Europe	11.0	7.3

Sources: IMF, Datastream, EIU, National Government [1] OECD definition * EIU estimate

The agriculture sector is uncompetitive, writes Patrick Blum

Tough adjustments ahead

A collective sigh of relief greeted the news that Austria's negotiators in Brussels had finally reached agreement on European Union membership terms covering agriculture.

A "good" deal was seen in Vienna as crucially important if the government was to win support for a June referendum on joining the EU. In the event, most politicians saw last month's outcome to the negotiations as positive for Austria, and more importantly it was perceived that way by much of the public.

Even so, the government will be hard put to calm local fears about the impact of joining the EU. Austria's uncompetitive agriculture faces some tough adjustments.

The EU deal allows Austria to continue to subsidise its farmers for a period with generous financial help from Brussels, but it also requires Austria to open its market to competition with prices aligned on EU prices from day one of membership. There will be no soft transition period.

Austria will be able to limit imports of cereals, poultry, pork and milk over a four-year period. It was granted an annual milk production quota of 2.5m tonnes – less than the 2.9m tonnes it had originally sought but seen as an acceptable compromise in Vienna. A sugar quota of a little over 390,000 tonnes roughly meets real annual sugar production rather than the theoretical 450,000-500,000 tonnes claimed in the negotiations.

Mr Franz Fischler, agriculture minister, says the immediate cost of reducing prices to EU levels will be about Sch4bn. The EU is expected to provide about Sch2.8bn in environment-designated financial help in addition to standard support from its regional and social funds.

It is also hoped farmers will benefit from free access to EU markets, but the benefits may be delayed until Austria develops both better marketing and distribution networks.

Meanwhile, Mr Fischler is confident that Austrian agriculture can succeed with new products and markets. "Austria can develop niche markets for environmentally sound produce. Biological farming production in Austria already is the biggest in Europe," he says.

Adjustment will be difficult but, he says, Austrian agriculture was already facing difficult changes under the new General Agreement on Tariffs and Trade. Even if Austria did not become a member of the EU, its agriculture would face serious problems. "Access to traditional markets in the EU would be limited and burdened with duties. Reduction of subsidised export quantities by 21 per cent and export subsidies by 36 per cent as stipulated in the Gatt agreements would worsen Austria's position," said a recent agriculture ministry report.

Migration from the land at an annual rate of about 5 per cent threatens long-term prospects

Austrian agriculture is hampered by difficult local conditions, low productivity, narrow markets and poor distribution networks. Migration from the land at an annual rate of about 5 per cent also threatens long-term prospects. With a farmer's average income less than half that of an industrial worker, considerable incentives will be needed to keep people on the land.

There are about 270,000 farms in Austria, most of which are family owned. About half are smaller than 10 hectares and 45,000 are smaller than three hectares. One in three farmers works full time on their farm, and two thirds rely on a second job to supplement their income. Altogether farming employs about 5.5 per cent of the population, although it contributes only 2.4 per cent of gross domestic product.

Local climatic and land conditions make farming more difficult than in other European countries. More than 64 per cent of agricultural land is in mountain areas, and more than 60 per cent of farmers are Alpine farmers – a higher proportion than in any other EU country. Mountain land is difficult to tend, the use of machinery is limited and much of the work has to be done manually.

Because it is economically and socially important for Austria to keep people on the land – a large number of farmers help to sustain the economically vital tourist industry – farming is encouraged with a wide range of subsidies, and by any estimate, support will be needed for years to come. Modernisation and productivity improvements are likely to be slow.

Further down the food chain, the domestic food processing industry faces similar problems. Mr Werner Teufelsbauer, director of economic policy at the Austrian Economic Chamber, says both sectors will experience a shock as markets are opened up and protection ends.

He says Austria's exclusion from the EU for 20 years has not prepared it for the challenge and opportunities of a much wider market. It will take time and money to establish new market systems. Meanwhile, "quite a lot of companies could go bankrupt or be bought up by French or German ones," he says.

The food processing industries employ about 40,000 people, but make mainly basic products on an uncompetitive scale, he argues.

An example of things to come is provided by the rapid inroads of German producers of dairy products who have picked up 15 per cent of Austria's market in milk and yoghurts in the three months since the European Economic Area came into effect last January. Other sectors will face similar challenges.

Mr Alois Mock, the foreign minister who headed Austria's negotiating team in Brussels, is more optimistic. He says conditions for farmers, and especially mountain farmers, will improve during the transition as a result of the agreement. But no-one doubts there will be pain as well as benefits. "There will be tougher competition and we will see restructuring at the local level," he says.

Manufacturing profile: VA Eisenbahnsysteme

A world leader in its field

Mention Austria to railway technology buffs and they will think first about Plasser & Theurer, the formidable family firm that makes a machine that simultaneously pulls up old track and lays down new.

But Austria has another company that dominates a niche in the international railway technology business. VA Eisenbahnsysteme, formerly part of the state-owned Voest-Alpine steel and engineering group, is a world leader in the manufacture of points (switches) for high-speed and heavy-duty rail lines.

It also makes other sophisticated rail-related equipment, such as trackside devices for detecting overheated rolling stock axles (hot boxes).

Until 1989, VAE was just a division within Voest-Alpine, sharing facilities and management with the group's tunneling equipment division at Zeltweg in the middle of Styria. The first switches were made there in 1866.

Its reputation for quality was such that it had very large market shares, especially with European railways.

So when VA bosses began looking internally for candidates for privatisation, the points business rapidly emerged at the head of the list.

A proper corporate structure was set up and the company launched itself more systematically into overseas markets. VAE was convinced that demand for railway infrastructure was on the verge of huge growth in many countries.

At an early stage, the decision was made to carry out expansion through subsidiaries and joint ventures rather than export, not least because of the bulkiness of the products. VAE has moved rapidly, thanks in part to nearly Sch500m in new equity provided by a partial privatisation in December 1992 and a rights issue last November. It now has outlets in the US, Canada, Australia and Hungary.

Group sales and profits have grown rapidly in the past three years

The group's product line is vast, covering every conceivable type of point for tram lines, cog railways, cable railways, standard railways and even some that serve rail lines of more than one gauge.

Its success is built on sophisticated welding techniques and cast steel crossings that make its points more durable than those of its competitors, and on its know-how for designing the extremely gently curved points that trains can negotiate at up to 200kph.

In 1992, after a one-year inspection, it was awarded the ISO 9001 norm by Lloyds of London for its quality assurance system.

The group also makes electronic point diagnosis systems which provide constant surveillance and set off alarms when trouble is detected.

Group sales and profits have grown rapidly in the past three years. Last year, consolidated net income jumped 18 per cent to Sch81.3m on sales up 21 per cent to Sch1.7bn, and the directors are forecasting further growth this year.

After a difficult start at Sch915 in a weak market in December, 1992, the shares have been among the best performers in the Austrian market. They rose to a peak of Sch1,585 at the end of last year and the trend continued in the first quarter of this year.

The state holding company OIAG is expected to sell its remaining 26 per cent stake in the group in the autumn.

Ian Rodger